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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

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YUGOSLAVIA

CZECHOSLOVAKIA

PROFITABILITY AND CREDIT BURDEN OF AGRICULTURAL ORGANIZATIONS VIEWED

Bratislava EKONOMIKA POLNOHOSPODARSTVA in Czech No 10, 11, 1983

[Article by Frantisek Crkva, Ministry of Agriculture and Food of the CSR: "The Rate of Profitability and Credits Encumbering Agricultural Organizations"]

[No 10, 1983 pp 440-443]

[Text] Acquisition of required resources for financing the planned program of replacement is of extraordinary importance for the khozrashchet of our economic organizations (enterprises). Conditions must be provided for that purpose not only in the organization and management of economic operations by the organization (enterprise) itself but also by requirements created in the system of economic mechanisms of management determined by the state, or as the case may be, by supra-enterprise organizations. This applies also to agricultural organizations.

In agriculture the internal financial resources, i.e., profits and depreciation of capital assets, are also of vital importance among the sources for financing of the planned program of replacement. While grants from the state budget or other sources outside the enterprise, designated to increase the economic result or providing direct contribution to the assets, are another important source of financing in the agriculture, they should fulfill only their assigned functions, and insofar it concerns grants based on receipts, they should be only temporary resources for individual organizations.

Financing of replacement in agricultural organizations--as in every economic organization in other national economic branches--must depend on the amount of profits.

Determination of Profitability

Determination of profitability is contingent on several factors, the following of which are decisive:

--the legally stipulated amount of payments to the state budget or to the budgets of national committees (taxes);

--necessary replacement stipulated by the middle-range or, as the case may be, the long-range plan for the development of the organization;

--the amount of depreciation of capital assets as the other internal source of financing.

Although the necessity to increase the inventories of certain commodities (livestock, bulk fodder, etc), and thus the need to augment the revolving funds in the agriculture, cannot be disregarded, the above-mentioned three factors are overriding.

Another important factor, however, is the extent and scope of credit encumberances, i.e., the space for grants of additional temporary pay-back resources to finance replacement, and the conditions and justification of grants from societywide resources (from the state budget or from the resources of infra-enterprise agencies).

Profitability in agriculture is measured (determined) in relation to the costs (in percent in 2 decimal places). In the system of evaluation and management of agricultural organizations the indicator of profitability of production assets is not applied due in particular to the specific function of certain commodities (livestock, supplies of bulk fodders produced by the organization, crops under cultivation, seed and planting supplies, etc) which must be increased and continuously maintained because of considerable differences in the amount of capital assets differences in their structure (depending mostly on livestock inventories and the necessary fodder supplies) as well as due to the differences in the evaluation of individual organizations.

For planning and management operations and for creation of economic requirements for the management of agricultural organizations the following are important, in addition to the indicator of profitability demonstrated in the accounts,

(1) i.e., the relation of its accounted amount to the costs, the share of profits (returns on investment) in the costs

(2) after deduction of the land tax,

(3) after deduction of the tax on profits,

(4) with added grants on economic results from sources outside the enterprise, i.e., without grants from the contingency fund of the organization (and without deduction of the land and profit taxes),

(5) with added grants on economic results and after deduction of the land and profit taxes.

In view of the fact that the land tax is determined by firm rates per hectare of agricultural land irrespective of the actual amount of the

production and actual economic results, and therefore that it must be regarded as a factor correcting the effects of better soil and climatic conditions, it is expedient and most appropriate to regard the profits after deduction of the land tax expressed in percent of the costs (indicator No 2) as the basic factor of profitability in agriculture. The above-mentioned indicator is also used for determination of the agricultural tax on profits.

Current Level of Profitability in Agriculture

After their implementation of the program for improving the planned management system in agriculture starting in 1982, the CSR agricultural organizations reported in 1982 8.13 percent profitability according to basic indicator No 2, of which individual agricultural cooperatives 9.27 percent and state farms managed by agricultural administration 4.73 percent.

With the current taxation system the above-mentioned profitability is not sufficient for financing of the process of replacement on the average for all of our agriculture. Thus, extensive funds are also provided for the agriculture in the form of grants for economic results as well as directly as contribution to capital formation.

This profitability was increased to 10.22 percent by grants for economic results, of which to 10.74 percent in the JZD's [unified agricultural cooperatives] and to 8.70 percent in state farms, and after deduction of the tax on profits the organizations had at their disposal "profitability" amounting to 8.79 percent, of which the JZD's 9.05 percent and state farms 8.12 percent, despite other, rather substantial direct grants for capital formation and additional rise in credit encumberance.

From such a situation it is obvious that the conditions developing in the system of economic mechanisms for profit-making in the khozrashchet system of our agriculture as a whole remain inadequate (on the 1982 level of management). It must be mentioned, however, that such a view concerning the level of profitability in our agriculture is extremely simplistic, because individual organizations are operating in quite diverse natural conditions and with different production capacities, very unequal equipment with production assets, very unbalanced development of production forces as well as with very dissimilar standards of organizational and management operations.

In that situation an economic system based on uniform prices of inputs (agricultural supplies) and outputs (procurement prices of agricultural products) is unthinkable without a system of differentiated levies (taxation) and without an extensive system of the most diverse types and forms of grants. This is self-evident, since there is no possibility of direct redistribution of the assets among the JZD's and since redistribution in state organizations is controversial.

Profitability therefore cannot be assessed without linkage to the system of taxes and grants not only in the agriculture as a whole but in individual

organizations. Different profitability in individual organizations is also a very understandable consequence of different conditions and action of different effects.

Differentiation among JZD's

The system of economic policies in our agriculture makes it imperative to consider, when stipulating the policies, the difference in the conditions of individual organizations, not only the natural circumstances (soil and climate) but also other factors, i.e., primarily the direction and structure of the production (for instance, the extent of associated production and special crops, such as hops, grapevine, orchards, vegetables, etc), the development of the technical production base (fixed assets, especially technology and mechanization) and other factors, particularly the manpower situation.

Although since the very inception of the current system of economic policies (from 1 January 1967), and particularly with every improvement of the system, the above-mentioned demand on the system has been the foremost demand (for example, introduction of the land tax and progressive taxation of income only above 5 percent profitability after deduction of the land tax, and introduction of the system of differential premiums with a substantial increase in their rates), profitability (after deduction of the land tax and additional of differential premiums in outputs) is still extremely differentiated.

It must be noted in advance that this is due mainly to the different yields of agricultural production per hectare of agricultural land in enterprises operating in approximately identical (comparable) natural conditions, affected especially by the differences in their standards of organizational and management operations. This concerns, however, organizational and administrative operations in a broader sense of that word, from top to bottom, reflected in every area of economic activities, including the structure and level of the production, fertility of the soil and different inventories of the livestock, investment policies, deployment of the cadres and measures for their stabilization and replacement etc, in operations over several years.

Table 1 presents the classification of JZD's according to their profitability (without the land tax) in individual natural zones in 1982. The natural zones have been delineated by the Ministry of Agriculture and Food of the CSR in its directive for implementing the set of measures for intensification of the production in agricultural organizations which have been lagging behind in general over an extended period and in other organizations with below-average achievements (Act No 33/1981-222 of 30 May 1981, Information Bulletin of the Ministry of Agriculture and Food of the CSR, part 3/1981).

A review of profitability in a total of 1,052 JZD's in 1982 is presented in Table 2 which states the amount of profits earned by the JZC's and the number of cooperatives operating at a loss in 1982.

Although the above-mentioned differentiation, especially the high profits on the one hand and the extreme losses on the other, has been affected by better weather conditions than the average in the past years and thus also by higher production, including bonuses for higher marketed agricultural production in some districts, and the most unusual adverse conditions (drought) in other districts, the differentiation in profitability must be considered much too great, particularly since these returns reflect the situation already after the projection of the effects of better natural conditions (deduction of the land tax).

The review of the JZD [illegible] the extent of the differentiation with the highest profitability and the highest deficits in 1982, which in both groups includes enterprises in different areas (Table 3).

Justified Profitability

In financial planning orientation is absolutely necessary for the determination of the required and justified profitability, although in individual organizations profitability is determined by their specific situation and their needs in financing the process of replacement.

Assessment of profitability on the basis of uniformly set standards is very controversial because factors affecting its amount in individual organizations in fact vary considerably and substantially influence the calculated rate.

On principle, the amount of profits and the rate of profitability must always be assessed in relation to the rate of depreciation of capital assets and residual prices of the phased-out capital assets included in the costs. In particular, the organizations' internal resources for financing must always be assessed together--profits and depreciation--in view of the great differentiation of capital assets with whith the organizations are equipped, of the differences in assessments (especially between the JZD's and the state farms), and of the steadily rising prices of new capital assets.

In practice we frequently note that low or high profitability is significantly affected affected precisely by the rate of depreciation of capital assets.

Another factor in assessing profitability in the structure of the production, which affects the amount of material costs. The rate of profits in the costs of agricultural organizations which consome great amounts of procured fodders has a substantially different economic impact both on the deliveries of their own raw materials and particularly on the procurement from central capacities, and a different impact on organizations specializing in cattle farming where the procurement of fodder is very limited.

Thus, for instance, Large-Scale Fattening Farms, a sectoral enterprise, reported in 1982 7.81 percent profitability (without the land tax) on a 66,000 hectare acreage, and the sectoral enterprise Sumava 10.69 percent profitability on 82,000 hectares. In this case the profitability was 37 percent higher; however, the large-scale fattening farms reported Kcs 130

million, i.e., Kcs 1,971 per hectare, and the Sumava enterprise Kcs 124 million, i.e., Kcs 1,516 per hectare--or 23 percent less. If we consider the differences in the depreciation rate, then it becomes even more obvious that the profitability rate alone may inaccurately express the economic impact on the resources created for financing. Although with the conspicuous differences in the structure of agricultural lands (the share of arable soil and the share of meadows and pastures on the one hand and the share of permanent intensive cultivations on the other) the per hectare profit indicator is not always suitable for comparison, it appears that, in addition to the rate of profitability, we must always consider it at the same time as the other, no less significant indicator of profitability.

The same procedure must be followed in case of different shares of associated productions, particularly material-intensive productions, where 7 percent profitability may be high, and due to the stipulated investment limits inapplicable in one enterprise, while in another, especially in mountain and highland areas without associated productions and with scant capital assets, even 10-12 percent profitability is insufficient to meet the needs of the organization and inadequate for financing of planned investments.

In general, the rate of profitability is affected by the overall growth of costs with the overall growth of outputs. It is quite usual that in this development in our agriculture the volume of profits remains the same but its share in the costs in percent drops or, as the case may be, the volume of profits increases but the rate of profitability remains unchanged.

Despite the above-mentioned characteristics of the principal factors affecting the differentiation of the profitability indicator in individual agricultural organizations, from a great many organizations and from the frequency of individual profitability rates we may determine the optimum or average rate of profitability as an indicator for orientation in economic calculations.

[No 11, 1983 pp 489-492]

[Text] In the preceding first part of this article we dealt with certain basic points of view and practice in determining the profitability of agricultural organizations, and described current standards for profitability in the CSR agriculture as well as the scope and extent of differentiation of profitability in JZC's as the key sector in socialist agriculture.

In this part we shall attempt to delineate the approximate scope of the JZD's whose profitability may be regarded as high on the one hand and inadequate on the other hand, and at the same time to specify the relation of different profitability in long-range development to the differentiation in the amount of credit encumberance.

High and Low Profitability in JZD's

Further improvement of our economic system and practical financial policies require at least an approximate determination (for purposes of orientation)

of profitability which may be regarded at present as high and which as low, and analogically which credits are low and which high. We need this orientation not only for the whole republic but above all for individual areas.

The selected ranges for individual natural zones, which characterize the average, should not characterize the necessary profitability but rather reflect the situation at present; their only purpose is to indicate, or document, the extent of differentiation in terms of the current statewide average.

If we regard as optimum profitability (without the land tax) 10 to 20 percent in the first 4 zones (01 through 04), i.e., in the best conditions of the beet- and maize-growing areas, in other words, the profitability achieved by 50.7 percent of all JZD's in these zones, 5-10 percent in the next 4 zones (05 through 08), i.e., in less fertile subareas of the beet- and maize-growing areas and in better conditions of the potato-growing areas, and 2.5 to 7.5 percent in the last 3 zones (13-15), i.e., in foothills and mountain areas, then we describe 27.4 percent of JZD organizations in 1982 as those with higher than optimum (average) profitability, 37 percent with optimum (average) profitability, and 35.6 percent with lower than optimum (average) profitability (see Table 4).

If we must consider profitability under 5 percent as generally inadequate and if we regard as absolutely necessary profitability of about 7.5 percent with average (general) material costs (for example, in current procurement of fodder mixes and with average capital assets, i.e., average rate of depreciation), then 401 JZD's, i.e., 38.1 percent of the total of 1,052 JZD's in the CSR, failed in 1982 to gain the necessary profits; this is indeed a very high rate.

Furthermore, from the reviews according to zones it follows that the lowest share of JZD's with profitability below 7.5 percent (188 of 545 JZD's, i.e., 34.5 percent) is in the first 7 zones, in other words, in zones where the land tax applies and the lowest differential premiums are granted (less than Kcs 1 per Kcs 100 in receipts), and the largest share is in the other zones (with the exception of the last 3 zones), where the granted differential premiums amount from Kcs 1.01 to Kcs 12 per Kcs 100 of the base (181 out of 414 JZD's, i.e., 43.7 percent). This indicates that the causes of low profitability must be sought above all in the 8th through the 12th zones and, according to the analyses, steps must be taken to increase the profitability rate, i.e., in the 5 zones where about 40 percent of the JZD's operate. Those cooperatives operate in worse than average conditions in the CSR.

The situation in the last three zones is favorable, but only 8.8 percent of all JZD's are operating in those zones; JZD's with unusually high shares of profit-making associated productions predominate (Vsetin, Gottwaldov, Jablonec and Nisou andother JZD's in some other okreses). Only 28 of the 93 JZD's in those zones (30.1 percent) demonstrated profitability below 7.5 percent and only 5 of those JZD's operated at loss.

Thus, the considerable differentiation in all zones confirms on the one hand that the system of progressive income taxation (according to the growth of the rate of profitability) is correct, but on the other hand it also suggests that the system of differential premiums must be improved so as to consider some conditions other than soil and climate in individual organizations (analogically as they are taken into account in tax on profits).

The necessity of more thorough observation, assessment and study of the causes of the differences in profitability is confirmed by the differentiation of credit encumberance which is substantially higher than the current differentiation of profitability.

Extent of Credit Encumberances

The rate of credit encumberances is closely connected with the rate of profitability and with depreciation of capital assets. Credits are temporary resources granted with a due date, whose repayment must be guaranteed with the organization's future financial resources. Credits must not exceed certain limits.

It is indisputable that the amount of credits per hectare of agricultural land may serve only for general orientation when determining tolerable credit encumberance and may also characterize only for purposes of orientation the range of differentiation of credits among agricultural organizations.

More precise characterization of credit encumberances calls first of all for assessing separately the amount of operational credits and separately the amount of investment credits.

When assessing the amount of operational credits, which are covered predominantly by the value of the inventories, it is necessary to proceed in agriculture from the fact that operating capital, i.e., the revolving and contingency funds, should cover the permanently blocked inventories. Those inventories represent average livestock inventories and the costs of harvest in the coming years as of 31 December, and should also include at least 20 percent of the inventories of other commodities as of 31 December, among which of particular importance are fodders produced by the organization. Under normal circumstances inventories of agricultural organizations must never sink below this level.

The amount of tolerable encumberances by operational credits may be therefore assessed according to what share of the above-mentioned minimum inventories is covered by the revolving and contingency funds and what by operational credits.

The differentiation in credits encumbering agricultural organizations is especially conspicuous in this sector, particularly between the state sector and the JZD's. The share of credits for financing of the inventories in state agricultural organizations is substantially higher than in the

JZD's and the question of supplementing their revolving funds remains an open problem.

The differentiation of operational credits encumbering the JZD's has increased in conjunction with the way the cooperatives used in the past and are still using their contingency funds to compensate for overruns in the distribution of their economic results. In view of the fact that in most cases contingency funds were, and still are, restricted financial assets (which are the source covering the value of inventories), their use means increase in credits.

The shortcomings should be seen in the fact that grants of revolving funds as unrestricted (formerly designated as indivisible) funds have not been regulated in the past and still are not regulated up to the amount of permanently blocked assets. These problems cannot be underestimated, particularly in view of the steady rise of livestock inventories and of the prices of other commodities.

The relation between the average annual resources for repayment of investment credits and the total amount of investment credits, i.e., in how many years the granted credits may be repaid from average annual resources, is important for the assessment of investment credits.

Average annual resources for repayment of investment credits include depreciation of capital assets and residual prices of the phased-out capital assets or, as the case may be, grants pledged for investments along with the profits after deducting the taxes and necessary allocations for personal monetary incentive funds (the cultural and social services fund and the special compensation fund) and after deducting the average annual volume of investments.

Since the basic criterion of khozrashchet in agricultural organizations is also based on the premise that on a long-term average their expenditures are covered by receipts for marketed outputs, or in some cases by the state-guaranteed non-price mechanisms of repayment, then the long-term trends in the growth of credits must be regarded as a violation of the above-mentioned basic requirement of the khozrashchet.

As long as the organization continues to cut its credit needs and, moreover, if it operates without credits as of 31 December (the period of the lowest need of credits in the agriculture) and has fluid funds available in its current accounts, then it is necessary to examine the factors leading to such a development, which may be not only considerably upgraded standard of management but also limited investment opportunities, deficiencies of the economic system and many other reasons.

High and Low Credits Encumbering the JZD's

The differentiation existing for an extended period in the rate of profitability also shares to a major extent in the differentiation existing

in credit encumberances. Table 5 presents a breakdown of the JZD's according to the amount of their credits per hectare as of 31 December 1982. Table 6 presents the amount of credits differentiated according to the number of enterprises.

The unusual intensity of differentiation becomes obvious from the very fact that one-half of all the JZD's (50.6 percent) have credits in the range of Kcs 1,001 to Kcs 7,000 per hectare of their agricultural lands; this extremely broad range does not correspond by far with the differentiation of the potential for repayment, i.e., differentiation of the profitability rate where half of the JZD's (49.2 percent) are in the 5-15 percent profitability range and 53.2 percent in the 7.5-20 percent range (see the data in the first part of this article in the preceding issue of this publication).

So long as we take credits amounting to Kcs 1,001-7,000 per hectare as average, or acceptable, and predominating for all zones (although the potential for repayment in this range of organizations with lower profitability and lower per hectare incomes, i.e., in higher zones with lower shares of arable lands, is substantially lower), then the below-average and above-average credit encumberances in individual zones are considerably differentiated (Table 7).

From the distribution according to zones it follows that the greatest representation of organizations without credit and with generally lower than average encumberances is in the best soil and climatic conditions (zones 01 through 04--beet- and maize-growing areas), i.e., 30 percent, of which 19 percent of 290 organizations in those 4 zones have no credits. The lowest rate of enterprises is in the next 8 zones (05-12), i.e., 19.7 percent, where 11 percent of 669 organizations in those 8 zones are without credits.

The share of organizations with low credits in the last three zones is high because of organizations with an unusual scope of associated productions and thus with considerable internal profit-making capacity; furthermore, no general conclusions may be drawn from the documented diffentiation because of the small number of JZD's.

Thus, the larges share of organizations with the highest credit appears again in average conditions (zones 05-08), which also demonstrate the highest share of organizations with below-average profitability (under 7.5 percent).

The Situation in State Farms

If identical rates of differential premiums are applied in state farms as in JZD's, the differentiation of profitability would be just as great and obvious. It would be conspicuous between the state farms in particular in comparison with individual agricultural cooperations operating in similar, approximately identical (comparable) natural conditions.

In reality, however, this is not so because in state agricultural organizations the financial plan is a part of the state plan for national economic development and a different method for the stipulation of the rates of differential premiums is applied for state agricultural organizations when the state plan is stipulated (specified) for individual organizations. The difference stems from the very fact that conditions other than natural, including the long-term level of the production and its cost-intensiveness, may also be considered to a major extent.

In 1982 only 2 state farms (2.1 percent of all state farms) achieved profitability of 15-20 percent against 244 JZD organizations (46.2 percent) were in the range from -5 percent (deficit) to 10 percent (profit).

On the other hand, 13 state farms (13.8 percent) and only 63 ZJD organizations (6 percent of all JZD's) reported losses higher than -5 percent. The reason is that the level of the production and costs in state farms is so disadvantageous that even the application of a different, special method for the stipulation of differential premiums could not respond in such a way that the actual deficit operations would be taken in greater consideration.

The dissimilar extent of the differentiation between the JZD's and the state farms is characterized by the following: only 48 percent of all JZD enterprises and 78 percent of state farms were in the range from -7.5 percent (losses) to +10 percent profitability. Naturally, this situation of incomes is greatly mitigated by financial planning, including rational administration of the funds for non-price compensation and the effect on the further development of credits. The problems of different credit encumberances stemming from the past years cannot be resolved by eliminating or mitigating the inequalities in the differentiation of profitability. In view of the fact that investment credits had not been granted to the state agricultural organizations until 1 January 1967, the unequal credit encumberances are due mainly to operational credits.

Here the share of credits to cover the working capital is substantially higher than in the JZD's and the necessary supplementation of the revolving funds is a very costly proposition which may be resolved only gradually.

Conclusion

The review of differentiation in profit-making of individual unified agricultural cooperatives and of the development in the growth of credits in our agriculture, confirms that these issues must be studied much more intensively, particularly when planning the Eighth 5-Year Plan.

The steep rise of credits, especially in the Sixth 5-Year Plan, forces us above all to resolve the financing of planned replacement in individual organizations because in many cases any further growth of credit encumberances would no longer be tolerable. Although during the process of socialization up to 1975 agricultural organizations received special grants from the state budget to reduce their credit encumberance, on several occasions it must be noted that the rate at which the credits have risen over the past 7 years,

in particular during the Sixth 5-Year Plan, was high, especially in comparison with the preceding 25 years.

We must proceed from the fact that funds cannot be directly redistributed among individual agricultural cooperatives and thus, in consequence, there are increasing demands on the structure of economic policies and above all on the mothod of granting non-price compensation from societywide resources.

The present situation in financing the process of replacement in our agriculture is such that we cannot operate with statewide averages alone and with consideration of the development of a financial plan, but in the system of economic policies we must recognize all of the approximately 1,300 individual agricultural organizations and financial guarantees for their production and their development as prerequisites for the further growth of our agricultural production and economic stability.

It is necessary to find out what is concealed behind the okres, kraj and statewide averages; only with such analyses can we seek and propose effective solutions.

Table 1. Data Concerning JZD's According to Profitability Rate (Without Land Tax) on Costs in 1982 in the CSR

1	2 Zisková JZD s rentabilitou [%]										3 Ztrátová JZD se ztrátovostí [%]							4 Celkem počet JZD		
Pásmo přírodních podmínek	5 nad 35,00	6 30,01 až 35,00	7 25,01 až 30,00	8 20,01 až 25,00	9 15,01 až 20,00	10 10,01 až 15,00	11 7,51 až 10,00	12 5,01 až 7,50	13 2,51 až 5,00	14 do 2,50	15 do −2,50	16 −2,51 až −5,00	17 −5,01 až −7,50	18 −7,51 až −10,00	19 −10,01 až −15,00	20 −15,01 až −20,00	21 nad −20,00	22 zisková JZD	23 ztrátová JZD	24 úhrnem
01			2	8	7	10	5	4										36		36
02	1		2	1	9	21	5	3	2	5		2	2			1		49	5	54
03		1	4	3	22	30	11	10	8	4	3		1		1	1		93	6	99
04			3	6	22	26	10	8	10	9	1		1	1	3		1	94	7	101
05		1		2	9	19	10	12	9	7	2	1	2	1	2			69	8	77
06	1	2	1	2	13	18	15	5	9	6	2	4	2	2	3	1		72	14	86
07			1	4	8	20	18	10	6	5	6	5	2	1	4	1	1	72	20	92
08			2	2	6	20	12	6	8	5	4	6	4	2	1		1	61	18	79
60		1	1	2	15	12	16	10		11	3	1	3	2	5	1		74	15	89
10	1			5	7	20	13	5	14	6	3	2		2	1	1		71	9	80
11			7	7	10	16	11	10	13	5	8			1	1	1		79	11	90
12			3	4	8	19	13	16	4	7			1		1			74	2	76
13	1			1	10	12	5	4	1	4	1	1	1					38	3	41
14		1	3	5	3	8	3	3	4	1	1							31	1	32
15					4	8	1	4		2	1							19	1	20
24 Úhrnem	4	6	29	52	153	259	148	110	94	77	35	22	19	12	22	7	3	932	120	1052

KEY [to Table 1]

1. Natural Zone
2. JZD's operating at profit with profitability (in percent)
3. JZD's operating at loss with deficit rate (in percent)
4. Total No of JZD's
5. over 35.00
6. 30.01 to 35.00
7. 25.01 to 30.00
8. 20.01 to 25.00
9. 15.01 to 20.00
10. 10.01 to 15.00
11. 7.51 to 10.00
12. 5.01 to 7.50
13. 2.51 to 5.00
14. under 2.50
15. under -2.50
16. -2.51 to -5.00
17. -5.01 to -7.50
18. -7.51 to -10.00
19. -10.00 to -15.00
20. -15.01 to -20.00
21. over -20.00
22. JZD's operating at profit
23. JZD's operating at loss
24. Total

Table 2

JZD's Operating at Profit and at Loss in 1982

1 JZD s rentabilitou			2 JZD se ztrátou		
3 rozmezí rentability [%]	4 počet	5 % ze všech JZD	6 rozmezí ztráty [%]	4 počet	5 % ze všech JZD
7 nad 30	10	1,0			
20,01 — 30,00	81	7,7	do —2,50 9	35	3,3
15,01 — 20,00	153	14,5	—2,51 — —5,00	22	2,1
10,01 — 15,00	259	24,6	—5,01 — —7,50	19	1,8
7,51 — 10.00	148	14,1	—7,51 — —10,00	12	1,1
5,01 — 7,50	110	10,5	—10,01 — —15,00	22	2,1
2,51 — 5,00	94	8,9	—15,01 — —20,00	7	0,7
8 do 2,50	77	7,3	nad —20,00 10	3	0,3
11 Celkem zisková JZD	932	88,6	12 Celkem ztrátová JZD	120	11,04

KEY:

1. JZD's operating at profit
2. JZD's operating at loss
3. Range of profitability (in percent)
4. No
5. Percentage of all JZD's
6. Range of deficit (in percent)
7. over 30
8. under 2.50
9. under -2.50
10. over -20.00
11. Total JZD's operating at profit
12. Total JZD's operating at loss

Table 3. The Highest Profitability and the Highest Deficit in JZD's in 1982

1 Zisk (bez daně z pozemků) % z nákladů			2 Ztráta (po započtení daně z pozemků) % z nákladů		
3 JDZ	4 Okres	%	3 JDZ	4 Okres	%
Trstěnice	K. Vary	45,60	Dobříš	Plzeň—sever 5	—11,06
Chelčice	Strakonice	42,31	Panoší Újezd	Rakovník	—11,12
Hustopeče	Břeclav	39,58	Nečtiny	Plzeň—sever 5	—11,23
Mříčná-Peřimov	Semily	37,06	Nová Ves	Mělník	—11,34
Okrouhlička	H. Brod	34,29	Dlouhá Lhota	Příbram	—11,47
H. Dunajovice	Znojmo	33,53	Čimelice	Písek	—11,81
Ročov	Louny	32,17	Paračov	Strakonice	—11,87
Přiluka	Svitavy	31,63	Březí	Plzeň—jih 6	—11,87
Myslejovice	Prostějov	30,94	Lhota pod Příbramí	Příbram	—12,04
Partutovice	Přerov	30,34	Zdice	Beroun	—12,25
Domamyslice	Prostějov	29,98	Bezděčín	Ml. Boleslav	—12,31
Čechtín	Třebíč	29,70	Bernartice	Písek	—12,51
Kouty	Třebíč	29,58	Dobroměřice	Litoměřice	—12,51
Určice	Prostějov	29,19	Plíškovice	Písek	—12,92
Lhota pod Libčany	Hradec Králové	28,63	Neumětely	Beroun	—12,94
Sulkovec	Žďár n. Sázavou	28,29	Mirotice	Písek	—13,03
Libčany	Hradec Králové	28,18	Chřič	Plzeň—sever 5	—13,63
Družba	Gottwaldov	28,10	Starý Hrádek	Příbram	—13,81
Miroslav	Znojmo	28,01	Slatina	Litoměřice	—13,88
Želiv	Pelhřimov	27,91	Strážkovice	Č. Budějovice	—14,13
Žehuň	Nymburk	27,45	Dolní Bělá	Plzeň—sever 5	—14,93
Dolní Kalná	Trutnov	27,38	Košík	Nymburk	—14,96
Vlčnov	Uh. Hradiště	27,15	Radomyšl	Strakonice	—15,13
Výprachtice	Ústí nad Orlicí	26,88	Jenštejn	Praha—východ 7	—15,63
Vrbovec	Znojmo	26,61	Kučeř	Písek	—16,46
Mladějov	Svitavy	26,58	Blatno	Litoměřice	—16,71
Kámen	H. Brod	26,48	Pavlíkov	Rakovník	—17,02
Jiřice	Pelhřimov	26,31	Sluštice	Praha—východ 7	—18,08
Police nad Metují	Náchod	26,24	Kublov	Beroun	—18,49
Strašín	Klatovy	26,12	Slabce	Rakovník	—20,39
Prušánky	Hodonín	26,05	Velká Buková	Rakovník	—20,70
Štoky	Havl. Brod	25,99	Chýně	Praha—západ 8	—21,41
Božejov	Pelhřimov	25,92			
Častrov	Pelhřimov	25,51			
Krásná Hora	Příbram	25,28			
Kobylí	Břeclav	25,28			
Vrbátky	Prostějov	25,25			
Chornice	Svitavy	25,03			
Dobrá	Rychnov n. Kn.	25,01			

KEY TO TABLE 3:

1. Profits (without land tax) in percent of costs
2. Deficit (with added land tax) in percent of costs
3. JZD
4. Okres [district]
5. Plzen - North
6. Plzen - South
7. Prague - East
8. Prague - West

Table 4. Evaluation of the Level of Profitability of JZD's in the CSR in 1982 (in percent)

1 Pásmo	2 Ukazatele pro průměr	3 Nadprůměrná		4 Průměrná		5 Podprůměrná		6 Celkem	
		7 počet JZD	8 % ze všech	7 počet JZD	8 % ze všech	7 počet JZD	8 % ze všech	7 počet JZD	8 % ze všech
9 01 až 04	10 —20 %	31	10,7	147	50,7	112	38,6	290	100
10 05 až 08	7,5—15 %	54	16,2	132	39,5	148	44,3	334	100
11 09 až 12	5 —10 %	138	41,2	94	28,1	103	30,7	335	100
12 13 až 15	2,5— 7,5 %	65	69,9	16	17,2	12	12,9	93	100
6 Celkem		288	27,4	389	37,0	375	35,6	1052	100

KEY:

1. Zone
2. Indicator for the average
3. Above average
4. Average
5. Below average
6. Total
7. No. of JZD's
8. Percent of the total
9. 01 through 04
10. 05 through 08
11. 09 through 12
12. 13 through 15

Table 5. Data on JZD's with Credits per Hectare of Agricultural Land in the CSR as of 31 December 1982 (Kcs)

1 Písmo	2 bez úvěrů	3 do 250	4 251 až 500	5 501 až 1000	1001—2000	2001—3000	3001—4000	4001—5000	5001—6000	6001—7000	7001—8000	8001—9000	9001—10 000	10 001—11 000	11 001—12 000	12 001—13 000	13 001—14 000	14 001—15 000	15 001—16 000	16 001—17 000	17 001—18 000	18 001—19 000	19 001—20 000	6 nad 20 000	7 Úhrnem
01	14	1	1	2	4	2		2	2	2	2	2	1		1										36
02	10	1	4	2	2	5	2	1	4	4	1	2	5	3	4		1		1			1		1	54
03	22		2	6	6	9	7	8	9	6	4	2	4	4	1	2	3		2	1	1				99
04	9	2	4	7	9	9	2	9	12	11	3	6	8	3		4				1	1			1	101
05	6	1		5	6	6	7	6	5	5	6	7	4	6	4	1			1				1		77
06	15	4	1	3	8	5	8	10	5	4	6	2	6	4		2	2				1				88
07	5	2	2	3	9	6	8	7	10	8	8	7	9	4	3		1								92
08	5	3	2	4	3	13	10	5	7	7	8	2	5	1	2	1					1				79
09	10	5		5	6	7	9	7	13	5	9	3	2	1	4	2	1								89
10	9		1	9	2	3	6	14	7	6	5	5	5	3			2							3	80
11	13	1	1	3	9	11	9	9	11	8	5	1	2	2	2				1				2		90
12	11		1	2	6	8	14	7	4	7	3	7	1	3	1									1	76
13	6	1	1	1	4	1	4	6	6	3	2	2	1		1		1					1			41
14	4			3	4	3	2	1	4	3	2	2	1	1										2	32
15	3	1		2	1	1	2	3		1	1	1		1	1		1							2	20
Celkem 8	142	22	20	57	79	89	90	95	99	80	63	51	54	36	24	12	12	—	5	2	4	2	3	10	1052

KEY TO TABLE 5

1. Zone
2. Without credits
3. Under 250
4. 251 to 500
5. 501 to 1,000
6. over 20,000
7. Total
8. Total

Table 6. Credit Encumberances of Enterprises in 1982

1 Úroveň zatížení	2 Úvěry [Kčs.ha^{-1}]	3 Počet JZD	4 % ze všech
5 Mimořádně nízká	6 žádné úvěry	142	13,5
7 Nízká	8 do 1000	99	9,4
9 Podprůměrná	1 001— 3 000	168	16
10 Průměrná	3 001— 5 000	185	17,6
11 Nadprůměrná	5 001— 7 000	179	17
12 Vysoká	7 001—11 000	206	19,6
13 Mimořádně vysoká	14 nad 11 000	73	6,9
15 Celkem		1052	100

KEY:

1. Credit encumberance
2. Credits (Kcs.ha^{-1})
3. No of JZD's
4. Percent of the total
5. Exceptionally low
6. No credits
7. Low
8. Under 1,000
9. Below average
10. Average
11. Above average
12. High
13. Exceptionally high
14. over 11,000
15. Total

Table 7. Differences in Credits of the JZD's Operating in Different Natural Conditions in the CSR (situation as of 31 December 1982)

1 Pásmo	2 Bez úvěrů		3 Podprůměrné úvěry		4 Průměrné úvěry		5 Nadprůměrné úvěry		6 Celkem	
	7 počet JZD	8 % ze všech	7 počet JZD	8 % ze všech	7 počet JZD	8 % ze všech	7 počet JZD	8 % ze všech	7 počet JZD	8 % ze všech
9 01 až 04	55	19,0	32	11,0	127	43,8	76	26,2	290	100
10 05 až 08	31	9,2	30	9,1	168	50,3	105	31,4	334	100
11 09 až 12	43	12,8	28	8,4	188	56,1	76	22,7	335	100
12 13 až 15	13	14,0	9	9,7	49	52,7	22	23,6	93	100
6 Celkem	142	13,5	99	9,4	532	50,6	279	26,5	1052	100

KEY:

1. Zone
2. Without credits
3. Below-average credits
4. Average credits
5. Above-average credits
6. Total
7. No. of JZD's
8. Percent of the total
9. 01 through 04
10. 05 through 08
11. 09 through 12
12. 13 through 15

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CSO: 2400/134

EFFECTS OF ECONOMIC TOOLS IN AGRICULTURE IN 1982 VIEWED

Bratislava EKONOMIKA POLNOHOSPODARSTVA in Czech No 10, 1983 pp 435-439

[Article by Eng Vaclav Korinek and Eng Frantisek Filip, Ministry of Finances of the CSR: "Effects of Economic Policies in CSR Agriculture in 1982"]

[Text] The improved system of planned management of agriculture, whose principles were approved by the Fourth Plenum of the CPCZ Central Committee in October 1981, represents a complex of interrelated consecutive measures in the area of planning in the agricultural-industrial complex, in the area of replacement and stabilization of work forces and rewards, and above all, in the system of economic policies in agriculture, which is of foremost importance for the achievement of the objectives and decisions approved by our party's leadership.

The purpose of the measures implemented since 1982 in the system of economic policies is to deal with the standards and relations of procurement prices of agricultural products (mainly to raise the prices of the products of cattle farming), to resolve more efficiently the differences in incomes in various areas, to intensify the production in economically lagging agricultural enterprises, and to promote intensification of the khozraschet status of agricultural enterprises in both sectors in all natural conditions.

The state plan and the budget for 1982 guaranteed socialist agricultural organizations in the CSR a Kcs 6.2 billion increase of their resources as financial backing for those objectives.

Of that amount, Kcs 4.5 billion was designated for an increase of the procurement prices for agricultural products, another Kcs 1.3 billion for higher differential premiums (21 percent), Kcs 0.2 billion (3.2 percent) for premiums on procurement prices and for bonuses, and only Kcs 0.2 billion (3.2 percent) for intensification of non-price compensation policies.

This overall intensification was intended to cover the Kcs 1.6 billion increase in procurement prices of fodder mixes, the Kcs 1.1 billion rise in oil prices, the Kcs 1.2 billion increase of wholesale prices for agricultural supplies, and the Kcs 0.4 billion rise in the tax on profits due to higher returns on profits; the remaining Kcs 1.9 billion was earmarked

for intensification of the status of incomes in socialist agricultural organizations (state agricultural and cooperative organizations).

Economic Result of Socialist Agricultural Organizations

Economic achievements of state agricultural and cooperative organizations (hereafter SZO and DO, respectively) in 1982 were excellent. Planned profits were substantially exceeded, in the SZO by Kcs 398 million (i.e., 131 percent fulfillment) and in the DO by Kcs 503 million (i.e., 110 percent fulfillment). The highest profits since 1974 to date were earned by the JZD's [unified agricultural cooperative] as well as by the state farms, and the economic stability of those organizations was immensely reinforced.

The standard of profit-making in the CSR was greatly differentiated according to management standards and climatic conditions. Agricultural organizations in the krajs of East Bohemia, South Moravia and North Moravia, i.e., areas with the most intensive agricultural production, achieved the greatest absolute and relative increases in profits, with the aid of drawing of high incremental bonuses.

Profit-making (Table 1) was affected primarily by the overfulfillment of the planned outputs, including special incomes (in SZO's--Kcs 1.1 billion, in DO's--Kcs 2.2 billion), in particular from overfulfilled receipts for agricultural products, grants on receipts (incremental bonuses, differential premiums) and special earnings.

The advantageous economic achievements were reflected in higher overall profitability which amounted to 7.32 percent in the SZO's and to 10.02 percent in the DO's. Economic policies were amended with the assumption that the achieved profitability would be 11.1 percent above the structure and volume of production in 1980.

In the past year the intensification of economic stability in socialist organizations of primary agricultural production was basically affected by the measures implemented in our economic system, whose point of gravity rested on pricing and non-price policies.

Procurement Prices of Agricultural Products

Adjustment of procurement prices focused primarily on the intensification of price compensation for the products of cattle farming, sugar beets, potatoes, flax and certain other commodities, with concurrent increases of monetary incentives in order to stimulate the interest of agricultural organizations in improving the quality of their products (see Table 2).

In agreement with the objectives of the improved system, the procurement prices of cattle products, potatoes and some other commodities increased substantially over the 1980 level, which has fostered the growth of the production in socially desirable structure. In comparison with the plan, the procurement prices rose above all due to better quality of the procured products; for example, 86.1 percent of first-grade milk was procured in

1982 as compared with 79 percent in 1980; 11.5 percent of second-grade milk as compared with 16.6 percent in 1980; and only 2.3 percent of third-grade milk as compared with the previous 4.8 percent. The achievement of higher-grade milk was reflected in the receipts of agricultural organizations, which were up by roughly Kcs 101 million.

In comparison with the preceding years, the quality of the procured sugar beets improved, although the planned indicators have not been achieved. In 1980 the sugar content amounted to 14.75 percent, in 1981 to only 14.68 percent, and in 1982 to as much as 15.55 percent.

Differential Premiums

To resolve the differentiation in incomes in various areas, differential premiums were increased by Kcs 1,324 million (of which Kcs 1,044 million to state agricultural organizations and Kcs 280 million to cooperative organizations); a new factor appeared here--receipts were given higher credit for claims: potatoes from 100 percent to 140 percent, milk from 110 percent to 140 percent, and other products of cattle farming from 100 percent to 140 percent--in order to promote the development of efficient specialization of production in inferior natural conditions.

The actual drawing of differential premiums in 1982 amounted to Kcs 5,265.7 million (Kcs 4,161.5 million for the SZO's and Kcs 1,104.2 million for the DO's), or Kcs 205.4 million (i.e., 4.1 percent) above the plan. Theis higher drawing stems from the overrun in planned receipts for agricultural products.

From the assessment of economic results achieved by the group of agricultural organizations implementing intensification programs in 1982 (261 JZD's and 66 state farms) arranged in 15 zones according to natural conditions, and from the data at our disposal, it follows that the adjustments introduced in the area of differential premiums affected the improvement of the situation of incomes in agricultural organizations as a whole, especially of state farms, which have substantially higher rates of differential premiums than the JZD's (the share of differential premiums in outputs of state farms increased from 18.1 percent in 1981 to 22.5 percent in 1982; in JZD's it rose from 1.7 percent to 2.2 percent).

In the case of the state farms the differential premiums affected mainly organizations operating in inferior natural conditions (zones 9-14) whose profitability and income per hectare of agricultural land in 1982 were higher than those of the state farms operating in more fertile areas with higher standards of agricultural production per hectare of agricultural land (Table 3). The main reason may be found in the change of the methods for grants of differential premiums (credit in the amount of 140 percent for selected products) which, together with the high rates of differential premiums, facilitated substantial increase of their total volumes.

The achievements of the JZD's in the krajs of East Bohemia and South Moravia (the effect of different climatic conditions was excluded in those krajs)

indicate opposite problems existing in cooperative organizations. Low rates of differential premiums did not help the JZD's operating in inferior natural conditions balance higher compensation derived by organizations in more intensive areas from higher procurement prices of agricultural products.

The extensive differentiation in the standard of profit-making and profitability of the JZD's in the observed system has not diminished (Table 4). On the contrary, the rate of the growth of the profits in 1982 was substantially lower in inferior natural areas of the above-mentioned krajs (zones 10 through 13) than in other areas. Those zones still achieve markedly lower levels of profitability and income per hectare of agricultural land.

Although the assessment of economic policies on the basis of 1 year's results cannot be overestimated, it may be noted that the efficiency of the adjustments introduced in the area of differential premiums, particularly their effect on differentiation of incomes in individual areas, is connected with certain problems. Their more detailed review may be made only after the results for a longer period of time and for all agricultural organizations divided according to the zones of aggregated natural locations are processed on the statewide basis by the Research Institute for Agricultural and Food Economy.

Bonuses for Increased Marketed Agricultural Production

Within the framework of the adjustments of our economic policies since 1982, incremental bonuses were reintroduced in our agriculture after an interval of several years; they are designated to serve as incentives to agricultural organizations for raising their production and procurement of agricultural products above the average of the preceding 3 years.

This policy has an areal effect on all agricultural organization, regardless of the societywide relevance of individual products. The rate of the bonuses is set at 30 percent of the increase.

Special temporary measures were adopted to continue the incentive of incremental bonuses for higher marketed agricultural production in conditions which developed in most agricultural enterprises due to a poor harvest of fodder crops in 1981 and which were counteracted by the regulations and controls of livestock inventories and by the cutback of the plan for their procurement for 1982, adopted by resolution of the Presidium of the CSSR Government No 30/1982.

Incremental bonuses amounting to Kcs 574 million were incorporated in the state plan. Despite the nonfulfillment of the decisive indicators of production, the actual drawing is Kcs 231.5 million higher, of which the overrun in state agricultural organizations amounted to Kcs 11.6 million and in cooperative organizations to Kcs 219.9 million, due, on the one hand, to a lower standard of production over the preceding 3 years which served as the initial basis for the calculation and, on the other hand, mainly to

the substantial overfulfillment of the planned market production of slaughter livestock (animal production).

Specific information from practical application of incremental bonuses in 1982 indicates considerable differences in efficiency. The discrepancies in their drawing are caused not only by climatic conditions but also by subjective effects, as confirmed by the different amounts of incremental bonuses received by enterprises operating in identical conditions.

Of total bonuses 64 percent went to the krajs of South Moravia, North Moravia and East Bohemia, whose production achievements were the best; the volume of the bonuses substantially helped intensify the stability of agricultural organizations and monetary incentives of their work teams.

Incremental bonuses that fail to influence the fulfillment of the planned structural objectives of the production and to help develop in a differentiated manner the production of the most essential products for our society must be assessed negatively. Agricultural practice also criticizes excessive demands on the administration of the whole system of incremental bonuses.

Despite certain flaws in this economic policy, it may be noted on the basis of the overall results for the past year that the bonuses for higher agricultural production provide important motivation for cooperative and state farms with lower standards of production, which have the greatest untapped potential for a higher rate of growth in their production.

The assessment of economic results achieved by socialist organizations in primary agricultural production reveals that the measures for improving the agricultural management system implemented in 1982 in the area of economic policies have been clearly reflected in the khozrashchet situation of our agricultural enterprises.

The measures adopted in the economic system in the area of procurement prices indicate an appropriate focus on better quality of agricultural products (milk, sugar beets, flax) and on support of structural transformation in livestock production (support for the development of cattle farming), including higher monetary incentives to motivate agricultural organizations to increase their production in a socially desirable structure.

In the case of differential premiums it may be noted that the implemented adjustment is solving the differentiation between state farms in various areas, while falling short of its goal as concerns the JZD's.

Table 1

Main Economic Indicators of Agricultural Organizations

Hlavní ukazatele ekonomiky zemědělských organizací

Tabulka 1

1 Ukazatel		2 Měrná jednotka	1980	1981	1982 3 upravený st. plán	1982 4 podn. plán	1982 5 skutečnost	6 Rozdíl proti st. plánu	7 Plnění státního plánu	8 Index 1892-1983
9 **Družstevní organizace**										
10 **Náklady celkem**		mil. Kčs	48 862	50 812	53 342	53 723	55 049	+1707	103,2	108,3
11 z toho: materiální náklady a služby nemateriální povahy bez odpisů		mil. Kčs	29 695	30 605	33 034	33 175	34 221	+1187	103,6	111,8
12 **Výkony a mimořádné výnosy**		mil. Kčs	53 567	54 478	58 356	58 332	60 566	+2210	103,8	111,2
13 z toho: dotace k tržbám		mil. Kčs	2 052	2 133	2 326	2 455	2 595	+ 269	111,6	121,6
výkony		mil. Kčs	51 893	52 118	57 696	57 396	58 679	+ 983	101,7	112,6
mimořádné výnosy		mil. Kčs	1 674	2 360	660	936	1 887	+1227	285,9	79,9
14 **Zisk (+), ztráta (—) celkem**		mil. Kčs	4 705	3 666	5 014	4 609	5 517	+ 503	110	150,5
17 Na 100 Kčs výkonů a mim. výnosů připadá	15 materiál. nákladů	Kčs	55,44	56,18	56,61	56,87	56,50	— 0,11	99,81	100,6
	16 nákladů celkem	Kčs	91,22	93,27	91,41	92,10	90,89	— 0,52	99,43	97,4
18 **rentabilita**		%	9,63	7,21	9,40	8,58	10,02	+ 0,62	106,6	139
19 **Státní zemědělské organizace**										
10 **Náklady celkem**		mil. Kčs	20 411	21 081	22 146	22 368	22 812	+ 666	103	108,2
11 z toho: materiální náklady a služby nemateriální povahy bez odpisů		mil. Kčs	12 834	13 110	14 121	14 217	14 550	+ 429	103	111
12 **Výkony a mimořádné výnosy**		mil. Kčs	21 465	21 813	23 418	23 701	24 482	+1064	104,5	112,2
13 z toho: dotace k tržbám		mil. Kčs	3 370	3 538	4 515	4 438	4 573	+ 58	101,3	129,3
výkony		mil. Kčs	20 899	21 014	23 192	23 453	23 928	+ 736	103,2	113,9
mimořádné výnosy		mil. Kčs	566	799	226	248	554	+ 328	245,1	69,3
14 **Zisk (+), ztráta (—) celkem**		mil. Kčs	1 054	732	1 272	1 133	1 670	+ 398	131,3	228,1

17Na 100 Kčs výkonů a mim. výnosů připadá	15materiál. nákladů	Kčs	59,79	60,10	60,30	59,98	59,43	—	0,87	98,6	98,9
	16nákladů celkem	Kčs	95,09	96,64	94,57	94,38	93,18	—	1,39	98,5	96,4
18rentabilita		%	5,16	3,47	5,74	5,07	7,32	+	1,58	127,5	210,9

KEY:

1. Indicator
2. Specific unit
3. Adjusted state plan
4. Enterprise plan
5. Actual situation
6. Difference in comparison with the state plan
7. Fulfillment of the state plan
8. 1982-1983 index
9. Cooperative organizations
10. Total costs
11. of which: material costs and services of nonmaterial type without depreciation
12. Outputs and special receipts
13. of which: grants on receipts
    outputs
    special earnings
14. Profit (+), loss (-) total
15. Material costs
16. Total outlays
17. per Kcs 100 of outputs and special receipts
18. Profitability
19. State agricultural organizations

Table 2

Přehled o nákupních cenách dosažených v roce 1980 a 1982 u rozhodujících výrobků

1 Výrobek	2 Jednotky	1980	1982	
			3 plán	4 skutečnost
5 Mléko	Kčs.100 l^{-1}	309,35	367,09	369,80
6 Jatečný skot	Kčs.kg^{-1}	17,85	20,28	20,33
7 Jatečná prasata	Kčs.kg^{-1}	15	16,50	16,37
8 Jatečná kuřata	Kčs.kg^{-1}	14,04		16,08
9 Brambory pozdní				
10 — konzumní	Kčs.t^{-1}	1092	1415	1468
11 — průmyslové	Kčs.t^{-1}	446	616	725
12 Cukrovka	Kčs.t^{-1}	290	419	388
13 Len stonky	Kčs.t^{-1}	2443	2843	2819

KEY:

1. Product
2. Units
3. Plan
4. Actual situation
5. Milk
6. Slaughter cattle
7. Slaughter hogs
8. Slaughter chickens
9. Late potatoes
10. --for consumption
11. --for industry
12. Sugar beets
13. Flax stalks

Table 3

Selected Economic Indicators of State Farms in the CSR with Programs of Intensification (classification according to natural zones)

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Tabulka 3

Vybrané ekonomické ukazatele státních statků ČSR s programy intensifikace (třídění podle pásem přírodních podmínek)

1 Pásmo (agregované přírodní stanoviště)	2 Hrubá zemědělská produkce na 1 ha z. p. v Kčs					3 Zisk (+), ztráta (—) ze zemědělské činnosti na 1 ha z. p. v Kčs*				
	1977—1980	1981	1982	4 zlepšení (+), zhoršení (—) 1982 — Ø**	1982—1981	1977—1980	1981	1982	4 zlepšení (+), zhoršení (—) 1982 — Ø**	1982—1981
1	16 021	16 224	16 444	423	220	805	— 991	— 11	— 816	980
2	15 587	[illegible]	17 559	1972	1423	286	— 678	1332	1046	2010
3	14 861	14 218	14 314	— 547	96	— 385	— 980	— 535	— 150	453
4	12 387	13 328	13 306	919	— 22	— 1716	— 1230	— 821	895	409
5	12 100	13 136	13 202	1102	66	— 1084	— 758	— 458	626	300
6	12 179	13 194	12 805	626	— 388	— 1693	— 1644	— 733	960	911
7	12 855	[illegible]	12 269	— 586	— 920	— 1255	— 1753	— 2915	— 1660	— 1162
8	10 688	11 618	11 807	1119	189	— 2341	— 2909	— 3277	— 936	— 368
9	9 956	11 345	11 287	1331	— 58	— 2595	— 2731	— 1697	898	1034
10	10 196	11 198	11 211	1015	13	— 2561	— 3217	— 2984	— 423	233
11	9 219	9 964	9 856	637	— 108	— 2569	— 3106	— 3261	— 692	— 155
12	10 533	10 810	11 184	651	374	— 2590	— 2895	— 3360	— 770	— 465
13	8 805	9 623	10 160	1355	537	— 2264	— 2831	— 3108	— 844	— 277
14	7 577	8 073	8 222	645	149	— 3243	— 4317	— 4677	— 1434	— 360
15	—	—	—	—	—	—	—	—	—	—
5 Celkem	10 774	11 566	11 638	864	72	— 2008	— 2392	— 2186	— 178	206
	6 Zisk (+), ztráta (—) celkem na 1 ha z. p. v Kčs					7 Rentabilita (nákladová) v %				
1	805	— 991	371	— 434	1362	5,31	— 5,95	2,15	— 3,16	8,10
2	407	— 678	1 332	925	2010	2,66	— 4,06	7,74	5,04	11,80
3	13	— 690	352	339	1042	0,09	— 4,35	2,07	— 1,98	6,42
4	— 1 198	— 1 230	— 453	745	777	— 8,34	— 8,11	— 2,79	5,55	5,32
5	— 333	— 524	374	707	898	— 2,61	— 3,65	2,41	5,02	6,06
6	— 443	— 391	454	897	845	— 3,21	— 2,56	2,79	6,00	5,35
7	— 419	— 96	— 413	6	— 317	— 3,10	— 0,65	— 2,62	0,48	— 1,97
8	— 615	— 779	— 59	556	720	— 4,88	— [illegible]	— 0,39	4,47	5,26
9	— 425	— 240	714	1139	934	— 3,46	— 1,74	4,84	8,30	6,58

10	— 1 412	161	1 061	2473	900	— 10,94	1,12	6,85	17,70	5,73
11	— 493	— 144	549	1042	693	— 4,30	— 1,11	3,84	8,14	4,95
12	458	495	1 036	578	541	3,74	3,82	7,20	3,46	3,38
13	— 736	— 148	881	1617	1029	— 5,78	— 1,02	5,31	11,09	6,33
14	— 971	— 1 210	608	1579	1818	— 9,46	— 10,24	4,70	14,16	14,94
15	—	—	—	—	—	—	—	—	—	—
5 Celkem	— 539	— 308	580	1139	888	— 4,32	— 2,14	3,70	8,02	5,84

8 * bez diferenciálních příplatků ** průměr 1977—1980

KEY:

1. Zone (aggregated natural location)
2. Gross agricultural production per hectare of agricultural land in Kcs
3. Profit (+), loss (-) in agricultural operations per hectare of agricultural land in Kcs
4. Improvement (+)
   deterioration (-)
5. Total
6. Total profits (+), losses (-) per hectare of agricultural land in Kcs
7. Profitability (returns on costs) in percent
8. *without differential premiums **1977-1980 average

Table 4

Selected Economic Indicators for JZD's with Programs of Intensification - East Bohemia Kraj (classification according to natural zones)

Vybrané ekonomické ukazatele JZD s programy intenzifikace — kraj Východočeský (třídění podle pásem přírodních podmínek)

Tabulka 4

1 Pásmo (agregovaná přírodní stanoviště)	2 Hrubá zemědělská produkce na 1 ha z. p. v Kčs					3 Zisk (+), ztráta (—) ze zemědělské činnosti na 1 ha z. p. v Kčs*				
				4 zlepšení (+), zhoršení (—)					4 zlepšení (+), zhoršení (—)	
	1977—1980	1981	1982	1982 — ø**	1982—1981	1977—1980	1981	1982	1982 — ø**	1982—1981
1	—	—	—	—	—	—	—	—	—	—
2	—	—	—	—	—	—	—	—	—	—
3	15 135	16 082	17 475	2340	1393	1142	605	1456	314	851
4	14 963	14 373	15 912	949	1539	796	— 502	1326	530	1828
5	14 497	14 237	15 378	881	1141	492	— 782	— 1090	— 1582	— 308
6	14 203	14 072	15 218	1015	1146	921	71	1664	743	1593
7	13 028	13 874	14 948	1920	1074	71	— 951	445	374	1398
8	13 802	14 985	15 881	2079	896	— 324	— 258	1542	1866	1800
9	12 468	13 130	13 993	1525	863	76	— 290	1134	1058	1424
10	13 356	13 435	13 943	587	508	— 55	— 279	— 947	— 892	— 668
11	11 839	12 297	12 981	1142	684	— 681	— 1375	— 1063	— 382	312
12	7 513	9 655	10 230	2717	575	— 3544	— 3547	— 2885	649	652
13	8 555	9 628	9 994	1439	368	— 1328	51	— 502	828	— 553
14	11 977	12 842	13 525	1548	883	— 748	— 2759	— 1651	— 903	1108
15	—	—	—	—	—	—	—	—	—	—
Kraj celkem 5	13 498	13 815	14 858	1360	1043	153	— 587	— 1281	— 1414	— 674

	6 Zisk (+), ztráta (—) celkem na 1 ha z. p. v Kčs					7 Rentabilita (nákladová) v %				
1	—	—	—	—	—	—	—	—	—	—
2	—	—	—	—	—	—	—	—	—	—
3	1 224	605	1 317	93	712	9,34	4,11	8,08	— 1,26	3,97
4	1 205	— 496	1 416	211	1912	8,68	— 3,20	3,49	— 0,19	11,60
5	792	— 471	1 263	471	1734	6,12	— 3,28	8,03	1,88	11,26
6	1 266	333	1 845	579	1512	9,06	2,20	11,13	2,07	8,93
7	463	— 208	1 249	786	1457	4,08	— 1,61	8,75	4,67	10,30
8	728	183	1 598	870	1415	5,60	1,25	10,[illegible]	4,73	9,08
9	537	172	1 242	705	1070	3,98	1,15	8,18	4,15	6,98

10	209	47	694	485	617	1,54	0,31	4,36	2,82	4,05
11	—468	—840	—423	45	417	—3,48	—5,96	—2,90	0,58	3,06
12	—473	— 38	707	1180	745	—4,78	—0,32	5,68	10,46	6,00
13	— 62	539	1 017	1079	478	0,52	3,95	6,8[illegible]	6,28	2,85
14	2 064	473	2 614	550	2141	15,63	2,79	15,5[illegible]	—0,08	12,76
15	—	—	—	—	—	—	—	—	—	—
Kraj celkem 5	670	—100	1 174	495	1285	5,21	0,75	7,53	2,32	6,78

8 * bez diferenciálních příplatků ** průměr 1977—1980

KEY:

1. Zone of aggregated natural location
2. Gross agricultural production per hectare of agricultural land in Kcs
3. Profit (+), loss (-) in agricultural operations per hectare of agricultural land in Kcs
4. Improvement (+)
   deterioration (-)
5. Kraj—total
6. Total profits (+), losses (-) per hectare of agricultural land in Kcs
7. Profitability (returns on costs) in percent
8. *without differential premiums **1977-1980 average

9004
CSO: 2400/134

OFFICIALS REPLY TO QUERIES OF SMALL ENTREPRENEURS

Budapest OTLET in Hungarian 24 Nov 83 p 36

[Interview excerpts entitled "Made In Small Enterprises"; portions within slantlines are in italics]

[Text] For the second time this fall the Invention Club of the Association of Organization and Management Science and the Small Entrepreneur Branch of the Hungarian Chamber of Commerce organized a "Question-Answer" meeting entitled "How Can We Draw the Small Entrepreneurs into Export?" Jeno Marton of the Invention Club, Tamas Ory of the Small Entrepreneurs Branch of the Hungarian Chamber of Commerce, and Janos Deak and Janos Kun representing the Ministry of Foreign Trade assumed the role of the repliers--a rather thankless task. Several questions and answers are printed as follows:

[Question] As an artisan I export my products continuously to Sweden. I am greatly troubled that I can receive only 1.2 percent of my gross output value in convertible currency; that is, I cannot increase my machine stock. It is damaging to the state too, because if I could export more and cheaper, the state's currency income would also increase.

[Answer] This 1.2 percent currency income can be spent in /Konsumtourist/ stores here at home and is available for the travel purposes, but it cannot be used to purchase means of production. On such basis state enterprises could also come forward with similar requests every day.

[Question] Does a small entrepreneur have the right to get into direct contact with foreign businessmen--in the interest of a subsequent export activity?

[Answer] Small entrepreneurs can go only as far as outlining and introducing their services and products. However, further preparations and the winding-up of transactions must go through companies with foreign trade "licence." In case of continuous export of more significant value it is possible that a member of gm [business work group] at its expense could work at some foreign trade company--so that it will provide opportunity to constantly "keep an eye" on his own export. Incidentally, the practice all over the world is that most of the small entrepreneurs do not deal with export of their products--for the very reason of rationality--but put those firms in charge that deal with such main special lines.

[Question] As a small cooperative we manufacture products that the state imports. We called on the firm "concerned," presented the official qualification on our products, according to which the technical parameters of our products are better than those of the imported goods. Yet they refuse to consider deals with us. Where should I turn?

[Answer] You should call on the Licencing Department of the Ministry of Foreign Trade, where, if justified, the import can be stopped.

[Question] A foreign firm called on our cooperative with the request that we take on the task of being their representative in Hungary. Would it be possible?

[Answer] In theory it is possible, however the foreign trade company must ask beforehand for permission from the Ministry of Foreign Trade to open an agency.

[Question] Is it possible that several gm's undertake jointly a greater volume of work abroad?

[Answer] The first step is that a foreign trade company accept the given job; after that it is its internal affairs whom it wants to engage.

[Question] Many times we feel that the foreign trade companies "are not killing themselves" to search for necessary markets for the products. And it is doubtful that the training of the transactors is sufficient enough to introduce abroad each technical novelty at a proper standard. Is it possible to draw the small entrepreneurs more into export at this stage?

[Answer] In the present economic situation the foreign trade people are certainly interested even in exports of relatively little value.

Though more and more engineers, engineer-economists are dealing with exporting technical products. All this does not yet mean guarantee that the products will be shown in compliance with every requirement and at a high standard. Because of this--within the scope of propaganda of products and if it is desirable for the expected business success--the foreign trade company can also send the small entrepreneur on an official trip, who, therefore, can introduce his own products and services to the foreign importers.

[Question] A foreign trade company placed an order with us for a product intended for export. Its manufacturing was not included in our original licence. Our request for expansion of manufacturing scope was denied by the district council for the reason that first a permit should be given by the Ministry of Foreign Trade.

[Answer] Here there must be some exasperating misunderstanding. But come to us, you will get the requested paper.

[Question] Many small entrepreneurs are not able to export because they do not know what the demands are. To my knowledge there is a list in many

trade companies that contains "shortage goods" of a number of countries. How can this information reach those who are interested? Perhaps it can be published in newspapers.

[Answer] That solution is impossible, since this falls under trade secrets. On the other hand, who is brave enough to start forwarding continuously the information to 4,000-5,000 possibly interested people? So there is nothing left but that those who wish to export keep constant contact with a number of foreign trade companies...(A shout-in: We have neither time nor energy for constant canvassing, let alone that with waste of time we will drive out the market underneath ourselves)...or that organizations which support the export activities of the small entrepreneurs should jointly find solutions.

12200
CSO: 2500/130

WAGE FLEXIBILITY TO STIMULATE FARM PRODUCTIVITY

Budapest FIGYELO in Hungarian 22 Dec 83 p 25

[Text] It can also be considered as a value judgment that the individual income regulation in agriculture remains unchanged in 1984. Namely the system in existence for nearly 4 years has kept under sufficient control the outflow of purchasing power and, by coupling the end-of-the year bonuses with the level of profit, it has also induced the state farms to increase their yields. Naturally, this does not mean that a better system could not be imagined since, for instance, the average wage limit does not induce a rational workforce management and, even more importantly, it inhibits the material recognition of outstandingly successful work.

However, recongnition of the faults is not synonymous with their automatic correction the less so because it is virtually impossible to design a uniform income regulating system in accordance with the principle of income regulation, the requirements of production policy and the conceptions of all of the 1,500 agricultural large enterprises. It took a long time not so much to recognize but rather to acknowledge this. At any rate, in 1983 the possibility was provided of having the state farms choose between two versions of income regulation only insignificantly different from each other.

In 1983, a few agricultural large enterprises were given the possibility to apply the two experimental methods of wage regulations. One originated with the approach that operational funds and net gain should, in general, be proportionately increased from the realized gross income. Therefore, in this system, the sum spent on individual incomes remains tax free as long as its proportion relative to the net gain does not increase compared to the base. If this proportion increases then a progressive tax must be paid.

The other form of experimental wage regulation taxes the individual earnings of the workers. Actually, every penny is taxed here but the tax progression goes up to 50 percent at the most. Thus, the state farm keeps individual records of the earnings of its workers and pays taxes as a function of the size of the earnings. This system makes it clearer than any previous one "what the cost" of a worker is to the state farm but it also gives a free hand to reward effective work.

Even if the experimental wage regulation cannot be used everywhere, it is definitely suited for finding a solution to a whole series of questions about internal interests and work organization; moreover, a solution which can also be applied to state farms functioning within the current, generally valid income regulatory framework. And this without conflict between a gain in income which accompanies a production increase, and the limits set by the regulatory system. Of course, not as if raising the free income level would provide such a wide room for action but rather because, in many places, the production reserves serving to increase effectiveness are not exploited even to this extent.

Recently, in a lecture series organized by the MEM [Ministry of Agriculture and Food Industry] Agroinform and the Ministry of Finance at the University of Agrarian Sciences in Keszthely, the agricultural cooperatives using the experimental income regulation reported on their experiences. For instance, at one of the farms, they gave the dairy farm workers incentives to reduce the so-called calving cycle, that is, to have as little time as possible between two calvings within the possibilities presented by biology. This time was 394 days in the given state farm. As a result of a differential premium system replacing the earlier, uniform remuneration, this time was reduced by 18 days which meant a decrease by more than half a million forints in feed and other costs for the 340 cows. Increased production can cometimes be achieved by the reinstitution of a more outdated technology--not a misprint: more outdated technology. At the farm cited for example, milking into a pail was reinstituted instead of the closed system of milking. In the case of closed system milking, that is, when the milk is transmitted directly through a pipe system, there was no way measure individual production. At the large enterprisal level, during the year following reinstitution of the tranditional milking method, there was a 4.2 million forint increase in milk production yield with unchanged feed costs.

It is difficult to find suitable incentives in the technological branches of agriculture, in the machine shops, in transportation, etc. For instance, a point system was introduced in the machine shop of one of the farms. The work of the employees is evaluated between 1 and 5 points on the basis of work completed, quality of work, entrepreneurial skills, etc. A peak of 100 points can be achieved each month and this calls for a 1,000 forint premium. At the same farm, car and truck drivers receive premiums according to the useful load carried. Therefore, they try to organize transportation in such a manner as to have as few empty runs as possible. At another place, awards are given if the cars run 100,000 km without having to replace a so-called main component.

The list could be continued but this may perhaps be enough to illustrate the inventiveness of enterprise managers. And yet another thing! So far perhaps nothing has beven greater incentives to agricultural large enterprises for developing and testing the specific internal methods of interest and incentives serving increased effectiveness than the possibility of applying the experimental forms of income regulation.

2473
CSO: 2500/145

RELATIONS BETWEEN STATE, PRIVATE FARMS FLOURISH

Budapest FIGYELO in Hungarian 22 Dec 83 p 25

[Text] The organized and planned connection between state farms and private farms has a relatively brief history. A contributing factor is that previously the state farms, as enterprises, had run their production and management--with slight deviation--within the framework of general national economic, financial and other regulations applicable to industrial enterprises.

Under these conditions the possibilities for integrating private production or for organizing at all a relationship between large and small enterprise productivity were more limited than they are today when identical regulations are in effect for large agricultural enterprises. Based on the sum of nearly two years of experience with the establishment of small enterprisal farms, the few years that have elapsed since the organization of private production have been favorable.

Contracted Production

The credits and loans available after 1976 have increased the interest of people and an increasing number of them--both state farm workers and workers from other enterprises--demanded that the farms provide possibilities for private production.

Since the various forms of small enterprise (groups of specialists, work associations, etc.) for the development of private production, and small enterprisal and supplementary activities known today were not yet available during that period, the state farms first to organize joint activities have organized private production on the basis of contracts for the given venture, product marketing, fattening of animals, etc. State farms with unfavorable potentials were the first to realize that the relationship between large enterprises and private production based on buying and selling must be replaced by a system of organizing activity, bookkeeping and incentives which would ensure the private producer, the entrepreneur, an income proportional to his work and, at the same time, it would also make it possible for the state farms to make a "decent" profit.

The state farms extend the possibility for production on a contractual basis not only to their own workers but also to others working elsewhere. In 1983,

in addition to 20,000 state farms workers, 20,000 members of cooperatives, 23,000 industrial workers and about 10,000 retired workers were in a contractual relationship with state farms. The efforts of private producers were particularly significant in raising and fattening animals.

By the middle of 1983, the state farms distributed ca. 18,000 heads of cattle, nearly 190,000 swine, 17,000 sheep and 500,000 fowl to private farms for raising.

The planning for demands derived from the contractual relationship with private farms is by now an integral part of the animal production plan of state farms. For instance in 1983, the state farms delivered nearly 2,000 boxcars of mixed feed and nearly 1,000 boxcars of other feeds to the private farmers. In contrast, for the animals distributed, about 12 million liters of milk, 2,400 boxcars of fattened pigs, 1,000 slaughter rabbits and--from the integrated private farmers--1,400 boxcars of vegetables, 2,700 boxcars of various fruits and 3,600 boxcars of grapes were received by the state farms for marketing.

In addition to the private farm production, the state farms also established some enterprisal agrarian cooperatives to supplement their--mainly industrial type--activities, to provide relief in some low capacity areas of production and to perform various services.

Bureaucratic Obstacles

According to the relevant regulations, the state farms can also release to the cooperatives some equipment even if the use of these by private individuals is otherwise prohibited through some other regulations. This possibility was used by some state farms in such a manner that equipment not utilized within their enterprisal framework for some reason (empty buildings, stables, etc.), or else run with losses or with lesser efficiency, were released to the private entrepreneurs.

That only a few enterprisal agrarian cooperatives were formed so far is caused, among others, by the fact that already before 1982 the state farms used the private farmer relationship under a contractual system to largely "capture" the time available after the regular work period spent on the principal job. Also, in comparison with the contractual system, the conditions for establishing an enterprisal agrarian cooperative are cumbersome and bureaucratic, and the rules of taxation are difficult to follow.

Experience has already confirmed that it was not a lucky move to equate cooperatives with enterprisal agrarian cooperatives with respect to the conditions for their establishment, the content of the enterprisal contract, permission by authorities, record keeping and termination. Insofar as the limitations--viewed as too stringent--would be relaxed, for instance, instead of the official permit and registration required for the establishment of an enterprisal agrarian cooperative, the approval of the director would be sufficient, this form of private enterprise would help to relieve the problems in quite a few more areas.

There Are Few Entrepreneurs

The enterprisal agrarian cooperatives established within the framework of state farms primarily conduct supplementary, small enterprisal type activities and enable the better utilization of capacities available at the state farm. The "profit" to the state farm in the enterprisal balance usually appears only as the amount paid in compensation for the use of the released equipment (buildings, machines, etc.). The more important part is--which usually cannot be documented with numbers--that this is the only way to complete a certain job by the deadline, for instance, the completion of the work of locksmiths in the course of housing construction for workers in Boly. In addition to the compensation received for use of the released equipment and the completion of good quality work by the deadline, cost savings represent a further enhancement of the profit of the state farm, considering the alternatives of being "billed" by a state enterprise or a small trade cooperative.

The enterprisal agrarian cooperative is also a form of private enterprise where the system of relationship between the state farm and the cooperative does not involve the payment of wages but rather the state farm appears as the customer and the cooperative as the supplier. Therefore, the state farm is billed by the cooperative for the accomplishment of the work ordered according to the regulations and prices in effect. The amount of the bill paid appears in the state farm records not under wages but under miscellaneous expenses.

At some places, during the initial period, the cooperative had problems with the handing out of materials and equipment. These problems were resolved by the expedient measure that such activities could be incorporated into regular job descriptions and could be attended to during the regular work period. If, for some reason, this cannot be accomplished, the practical solution--correctly--led to a system where state farms organized the handing out of materials and equipment, etc., outside of the regular work period and they recompensated the laborers performing these tasks via overtime, second job, etc.

The income derived from work performed in the framework of cooperatives is in general proportional to the possible income derived from work which can be performed outside of regular working hours. Neither does it present problems that not "everyone" can participate in the private enterprises, for instance, in an enterprisal agrarian cooperative. Namely, overwhelmingly most of the agricultural laborers spend their free time with some productive work which supplements the income from their regular work. Increasingly it presents problems that the household plot, the rental plot, animal raising, etc., requires so much of the free time of state farm laborers that the state farm initiatives to establish small enterprises are often unsuccessful because of it.

2473
CSO: 2500/145

POOR QUALITY OF EXPORT PRODUCTS QUESTIONED

Warsaw LAD in Polish No 48, 27 Nov 83 p 3

[Article by Leon Kurkiewicz: "Quality and Shoddiness"]

[Text] At the trade fair in Brno (Czechoslovak Socialist Republic) we have purchased 200,000 plowshares from Ostrava. I am all for international exchange, but this news item from Polish Radio makes me think. Plowshares made in Poland last a dozen hours; at state farms, they use old railroad car springs and refashion them into plowshares. Around here, swords have been changed into plowshares so many times that this trick is well known. According to the Central Statistical Office we have a powerful steel and iron industry, but apparently it does not match that on the other side of the Olza as far as the plowshares are concerned. It is even worse with thin sheets for cans and tubing for bicycles.

How about quality? Our exports are raw materials, as if we were a colony, or a former colony. In Payments Area II, our finished products consist of Krakus ham (at too low a price), Polish vodka (because it is robust) and mass folklore (i.e., products of the Center of Folk and Art Industry). Other products may be working quite well, such as the enlarger from the Polish Optical Works, but they scare away a discriminating buyer by their appearance, paint and nickel; there is a multitude of products by other producers from which he can pick and chose. Of course, there are laudable exceptions, such as the precision milling machine, but exceptions do not assure greater exports, and with exports we will never get out of debt.

A Pole can do it.... Before the war, our weak industry competed effectively with foreigners. Zieleniewski in Krakow, Cegielski in Poznan, Stalowa Wola, Starachowice, Lilpop, Rau and Loewenstein in Warsaw, State Engineering Works in Ursus--in heavy industry--and Wedel, Piasecki, or Stomil--in light industry--guaranteed quality. But today, the international "Q" sign does not eliminate complaints right after the purchase. Besides, there are even fewer quality signs and in the leather industry, for example, there are none left.

In the 1930's, people asked for domestic products not because of patriotism, which was kept for other occasions, but because they were of higher quality. And this was happening when the zloty was a stable, hard currency (U.S. $1 = 5.23 zloty) and every merchant could import as many products of Oetker,

Suchard, VIM, Persil, Bata or Salamander as he wanted. Tires by Stomil, as Wankowicz describes in SZTAFETA, were pushing the Michelin and Goodyear products out of the Polish market, forcing our competitors to cut their prices in half despite the fact that the price of rubber was going up. Polish Fiat 508's were excellent, as were also bicycles, folding kayaks, flatware, china from Cmielow, skis, fountain pens, woolens from Bielsko, as well as the light RWD aircraft and military aircraft, locomotives and railroad cars.

The producers, whether a large factory or an individual craftsman, understood that they had no monopoly and that they had to fight for the customer. If product was not good, nobody would buy it and nobody would give a subsidy, it would end in bankruptcy. Unemployment mercilessly eliminated poor workers; this may sound cruel, but there was a positive selection for the work force. In traditionally industrial areas, company pride played a certain role too, for instance, at the Cegielski works, and the few arrivals from villages adopted that tradition. Basically, workers were paid hourly and not for piecework, but the foreman, always very sensitive to quality, had great authority. Among craftsmen, the guild rules were in force and there were no exceptions; he who passed the journeyman tests really knew his craft and never produced shoddy items.

Will a Pole Buy Anything?

Quality is a set of characteristics determining whether a given item satisfies user's requirements. Some characteristics are more important, some less, i.e., those whose absence can be accepted. If I buy a refrigerator, I must get information about chilling temperatures and life expectancy of the control mechanism--but ratio of weight to capacity, which indicates how modern the design is, I would consider to be less essential. If I buy shoes, what matters is the fashionable appearance and how long the soles will last, but slight discoloration or lack of fancy packaging I may overlook. The set of important characteristics may change with time, for instance, maximum speed of a car may lose its importance when fuel prices go up.

It is widely believed that a Pole will buy anything if he belongs to social groups which have at their disposal so-called hot money. Somehow this absolves the producers from responsibility, and as a result we have washing machines with unreliable programming mechanisms, cars so bad that the licensor does not want the car to be marketed under its name, electric bulbs which last a dozen hours and shoes which come apart when it rains.

A License or a Gun Without Ammunition?

The price increase for baked goods some time ago proved that there is no connection between higher price of a commodity and its quality. The goodies promised by Minister Krasinski, the crisp morning rolls and the "chala" breads, did not materialize; it was just a non-divine comedy.

In Poland we have to accept shoddiness because we have no alternative. The situation is worse when it comes to export, especially to the West. They may be sympathetic to Poland and may wish to help us to get out of debt, but no one in the so-called Payments Area II can force the customer to buy an item which does not satisfy his requirements. These requirements are high, and keep growing. At the same time, in our manufacturing industry, which grew to be quite large, neither objective nor subjective factors, literally nothing, point toward an improvement of quality.

It is known in detail how the concept of self-financing of purchased licenses and the resulting investments failed. Namely, the licenses were generally outdated at the time of purchase and often, as in the case of Fiat 126p, not well selected. To save money, often only design documentation was obtained without the accompanying technology, while the secret was in the technology. In most cases, the Polish licensee did not adhere to the technological requirements in selecting the basic material or the outside components, and then tried to sell in Payments Area II something that looked like the western original but was much inferior in use.

There is very little chance to conquer foreign markets with items based on original Polish designs or partial imitations. Indeed, we do have a powerful, perhaps the most significant scientific research backing in Europe in many areas, but it seems that it cannot get through the obstacles presented by patents or create a daring design for a new product which would become a sensation on world markets. I believe that we have many able people among the researchers, but perhaps they do not have the access to the latest technical literature and periodicals, perhaps they do not know foreign languages (and we are not doing well in this area), perhaps they were ill-prepared during their studies, or perhaps (how pedestrian!) we ran out of money to send them abroad to gain practical experience?

In the last several years, in the rest of the world nobody would market a product without many prototype tests, without trial runs and without making improvements on that basis. All producers know that every product will be subjected to independent tests by consumers' organizations and that the results of those tests will be publicized. All producers also know that they will be liable to pay high damages should their products turn out to be dangerous to health or life. Consumers in the West are spoiled and every device offered for sale must be reliable and easy to operate; the Germans invented an apt term: Idiotensicher. Customers are generally well off but they know how to count money, hence the operating costs play an important role. Finally, our offerings are eliminated before they enter the competition if we cannot assure our own inspection and repair service and supply of spare parts. That is how we lost once upon a time our chance to export the Polonez car, while the more enterprising Czechs introduced their Skoda in the West, and the Russians their Lada.

Unfortunately, we are unable to adjust to the new trend prevailing in the developed world regarding the longevity of equipment. The philosophy of "buy, use, and throw away rather than repair..." is slowly becoming a thing of the past, especially where environmental concerns are important.

Culture and Technical Culture

Training of skilled workers and technicians in the Polish People's Republic probably lasts longer than in the West but results do not match investments. Graduates are often sent to different industries than those for which they were prepared by the program, and it happens that a tailor becomes a driver-mechanic and a technician opens up a boutique. Training programs are overloaded with theory that usually is not the most recent, and the training assignments are not really useful, as has been said for many years. School workshops are equipped with archaic tools, and things made there are those which are needed.

The village-to-city migration continues, mostly from the poorest, most backward villages. The technical culture which is a decisive factor in determining the quality of a product is derived from the general culture, including familiarity since childhood with the technical products of our civilization. A newcomer from a poor village does not comprehend punctuality in terms of minutes and seconds, or precision in terms of fractions of a millimeter and milliseconds, or team work, or responsibility for the product of his hands, and consequently does not have a caring attitude toward the machine entrusted to him.

A young man starting in a factory works at a worn out machine which makes precision work more difficult. His work is anonymous, often he does not even know what purpose the part made by him will serve. He is paid for quantity, i.e., piecework, although officially it has a different name. He realizes quickly that wasting material and passing a faulty piece to the next work station will not have any repercussions, that the only thing that counts is quantity and the plan. The pay schemes, which are often subject to improvements nowadays, do not even mention quality, and therefore there is no positive motivation in this respect.

Also, the organizational solutions actually used seem to ignore the problem. For years, journalists and columnists demanded that the inspection between operations and the final inspection be in no way subordinated to the degree to which the plan was fulfilled and the quantity of production. Inspection should be subordinated only, and just pro forma, to the general manager. All that writing and talking did not produce any results. It may be hard to believe but the basic laws and the implementing directives of the economic reform do not even mention the subject of quality, let alone prescribe any actual action.

It appears that this matter was left to be settled between workers and foremen. But supervision by foremen, those non-commissioned officers (or perhaps commissioned officers) of production, does not enjoy that much respect, it is overloaded by other matters and foremen know that they will not be accountable for quality. The circle is closed....

Myths and Simplifications

Occasionally I hear that only the Protestants are brought up with the appreciation of the importance of work and its products. It is said that the

Catholic Church stresses only prayer in the commandment "Ora et Labora" and neglects work. Supposedly, this explains the thrift, dependability, entrepreneurship and productivity of the predominantly Protestant nations and thus explains their wealth. The predominantly Catholic nations remain backward and poor by wasting time on ceremonies and mysteries and treating work as a scourge. The Germans, Scandinavians, English and Dutch are cited as examples of the former, and Central and South America, southern Italy, Spain and Portugal as examples of the latter.

This is a gross oversimplification. For instance, Rhineland, Westphalia, Palatinate, Saarland, Baden-Wurttenberg and Bavaria have a Catholic character and are predominantly Catholic, and the neighboring Austria is also in this category. All of them are not behind in economic achievements to Protestant Lower Saxony or Schleswig-Holstein. In Italy, Turin and its surrounding country are no less attached to the Catholic faith than Sardinia or Sicily. After all, the Holy Shroud mystery takes place in Turin, where the Fiat complex is located in which precision work is performed, productivity is high and organization good. Even if one accepts that the church has not devoted enough attention to the problem of work over the centuries, the John Paul II encyclical "Laborem exercens" is totally devoted to work. Chapter II, article 5 of that document addresses quality of human labor: Objective Meaning of Work, Technology. This encyclical also states that "human work's ethical value is directly and immediately tied to the fact that he who performs the work is a person, is conscious and free and decides his actions for himself..." (Chapter II, Article 6: Subjective Meaning of Work; Man as the Performer of Work). Can these words which stress respect for the working man so strongly be applied to indifferent work whose product serves nothing and nobody?

Another stereotype seeks reasons for a lackadaisical attitude to work in the heritage of occupation, perhaps of some particular occupants. Under occupation, the moral connection between the worker and his work was broken--so wrote Kazimierz Wyka, supposedly a professor, in ZYCIE--the worker worked as little and as poorly as possible for the hated regime.... The worker brought this attitude to the third independence.... Perhaps this view could have been partially right in 1945 when Wyka wrote his article about excluded economy, but the attitude to work in the 1940's and 1950's, right after the war, was better than at any other time. At that time, there were initiatives for defect-free work started voluntarily without any compulsion or exhortations. Besides, looking for causes in the occupation times while grandchildren of those workers start to enter the industrial production process is simply amusing nonsense.

Personally, I believe that the worker must have a guarantee that his caring for quality will be noticed and properly valued, that is, that it will show in the amount of his earnings and in other appreciation of his work. Also, the worker must be certain that the product of his work will be used for its proper purpose and will not be wasted by poor planning, improper storage and unsuitable transportation or, as it often happens, by unprofitable sale to foreigners. In my view, an important control and supervisory role in this area should be played by workers' self-government, by the Sejm and by inspection organs.

8801
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TRAINING PROGRAM FOR MINING INDUSTRY PERSONNEL DESCRIBED

Bucharest ERA SOCIALISTA in Romanian No 15, 10 Aug 83 pp 47-48

[Article by Marius Dragomir: "A Complex Activity for the Upgrade Training of Personnel in the Extraction Industry"]

[Text] The Center for the Upgrade Training of Personnel in the Extraction Industry was established as a result of the institutionalization of the national system, beginning in 1971, for the continuing improvement of the qualifications of all workers. The main objective of the center's activities is in the methodological assistance and guidance in the upgrade professional training of the workers in the extraction branch and, at the same time, in the achievement of certain of their own programs for increasing the level of the personnel's training for those persons who work in the mining, petroleum and geology fields. Operating in the direct subordination of the Ministry of Mines and under the methodological guidance of the Ministry of Education and Training, the center correlates of components of its plan with the requirements of the user units in the economy, as well as with other interested institutes.

From the establishment of the center and up to the first half of this year, the center has graduated approximately 28,000 cadres from the extraction industry in upgrade training and specialized courses. These cadres include 2.5 percent unit managers, 7.2 percent chiefs of sections, sectors, workshops and operations departments, 28.4 percent production specialists, 12.5 percent economic cadres, 4.2 percent probationary engineers and subengineers, 37.5 percent foremen and technicians and 2.2 percent other workers.

The continuing growth in the production of mineral raw materials and, especially, those that are energy-bearing materials represent an essential requirement for our economic-social development and for the achievement of the fundamental objective established by the National RCP Conference of December 1982 of attaining by the end of the current five year plan the country's energy independence. The need to obtain ever greater quantities of mineral raw materials and energy-bearing materials involves special responsibilities on the part of the extraction branch, especially with regards to raising the technical level of production and improving the professional training of workers. As comrade Nicolae Ceausescu points out, "one cannot work, one cannot get further ahead without improving professional training and one's technical level, without organizing training and upgrade training courses with those who are already in the enterprises."

The provision of professional training in accordance with the requirements of continuing improvements in the production processes - through varied forms of upgrade training of workers and management personnel - is, thus, a necessity of the first importance for the extraction branch. Continuing upgrade training is to involve all the workers as an obligation of the job and will be organized in different ways by field of activity, level of training, skill, specialities and functions.

In this regard, the Center for the Upgrade Training of Personnel in the Extraction Industry represents the basic pivot in the unified guidance of activities for improving the workers qualifications in the fields of mining, petroleum and geology. Within the framework of the center itself, in Bucharest, as well as inits branches throughout the country,training programs are carried out for different categories of personnel whose training is not contained in organized programs in the production units. And, with regards to the methodological guidance of the activities to train personnel within the framework of the units of the extraction industry, this is provided by experts from the center and specialists having a rich experience in the field and who draw up specific programs, upgrade training themes, documentary materials and so forth, in support of the industrial units.

In its essence, the activities for the methodological guidance establish the objectives of the professional upgrade training beginning with the existing level of training of the workers, in relationship to the level imposed by the new requirements of the different places of work. The means of increasing professional qualifications are varied, corresponding to the numerous professions and specialties in the extraction industry branch. As a consequence, the guidance activities also embrace different forms: actions for methodological guidance that are carried out in the production units in which experts from the center participate, as well as representatives of the parent ministry and the Ministry of Education and Training; analyses regarding the efficiency of activities for professional upgrade training; studies referring to the improvement of the content and forms for carrying out the instructional process; the establishment of norms, standards and guidelines regarding the equipping of enterprises with technical-educational resources for the training of adults; the instruction of personnel who are to work in the socialist units as organizers for upgrade training; the elaboration of programs for the upgrade training for personnel in specialties in the branch which cannot be done in the units; the organization of conferences, exchanges of experiences, symposia and seminars on subjects [illegible] from the requirements of production practices and the processes of organization and management, and so forth.

The final purpose of all the forms of upgrade training is an increase in the professional competence and civic responsibility of the workers the activities that they carry out in the enterprises. The upgrade training programs for the workers that are organized in the economic units pursue, depending upon the requirements, the upgrade training, adaptation, requalification or specialization of the workforce. Course for multiple qualification have in mind the training of workers in skills close to their basic one for the purpose of more efficiently using the workforce under circumstances where work conditions are changing.

The process of the ever more advanced mechanization of work in the extraction industry brings about changes in the organization of work, making it necessary to have a continuing adaptation in the structure of skills, in the number of persons employed and so forth. Such continuing changes are also extended into the hierarchical level with regards to the organization and management of enterprises, trusts and combines. For its part, this requires the upgrade training of technical and management personnel. Under these conditions, the priority action in the plan of professional upgrade training is the drawing up of programs in accordance with the specific nature of skills, specialties and places of work.

The new means of organizing activities in the extraction industry, by which it is structured by the basic entity - the brigade -, makes it necessary to re-adapt the upgrade training process on the basis of certain new programs. In this regard, the center's specialists, together with the appropriate organs in the branch ministries, the centrals and the trusts, have moved to the elaboration of new professional upgrade training programs, subjects by skills and documentary materials in support of the industrial units.

The instructional cadres are, primarily, specialists of the center, experts, engineers and economists having experience in the branch and, furthermore, practice in the organization of training for adults. Alongside this basic group from the center there is a significant number of outside collaborators - specialists from extraction units, from educational institutes or from research - who work to support the programs. And, the collaborators from outside of the center are management personnel from the user units with which, in addition, the subjects of the program, the manner of carrying out the training and the evaluation of the instructional process are also established. Similarly, the experiences of the participants themselves - which are not the same, either in duration or with regards to their informational content - represent an important resource which brings about a continuing circulation of ideas from one person to another throughout the program. Each course participant represents for the other course members a source of new things.

Usually, the methods of instruction are of the participation type, directed towards the practical training of the students. A large portion of the programs and exercises are carried out at the center's branches or in the production units from which the course participants come. Speeches of a theoretical nature are limited to a minimal amount necessary for understanding the methods and exercises, while the case studies (frequently taken from industrial practice) facilitate not only a transfer of information, but especially pursue the development of work attitudes and skills. The center's experiences, which are expanding, over a period of over 11 years confirm the formative potential of these participative methods in cultivating the imagination and decisionmaking capabilities of the course participants.

In 1983, the center offered the user ministries 160 programs slated for management cadres, production personnel in the operations departments, engineers, foremen and so forth. The high degree of adaptation in these training programs for the requirements of the economic units is attested to by the interest generated in them by the numerous users. The subject content

of the activities for professional upgrade training and the programs is directed towards broadening the base of raw materials, minerals and energy, improving work technologies, increasing the recovery factor for useful substances, extending the mechanization of work processes, raising efficiency in investment activities, increasing efficiency in the use of fixed assets, improving exploitation and maintenance of installations and equipment, rationally using fuels and energy, improving the organization of work for the purpose of raising labor productivity, improving the operation of the new economic-financial mechanism, increasing economic profitability, consolidating economic self-administration, devdoping activities for professional formation and training of personnel, improving working conditions, hygiene and worker safety, and extending activities for international cooperation and technical assistance.

Within the framework of the Center for the Upgrade Training of Personnel in the Extraction Industry, programs are organized on different problems.

Programs on Man-gement and Organization - which have involved over 6,300 participants to date - have as their objective the improvement on management activities by way of the mastery of certain specific new methods and techniques, the use of automatic data processing systems, the application of calculation, data and follow-up systems to production costs, the improvement of styles and work methods and the relationships of work and socio-professional integration. These programs are addressed to management cadres (directors, chief engineers, chief accountants) in the units of the extraction industry.

In the same category are the programs for the upgrade training for members of the workers councils, as well as the commissions of the workers councils that are created for the purpose of mastering certain work techniques for the organization of collective work and certain work procedures for optimizing activities specific to these commissions.

Programs for New Techniques and Technologies pursue the mastery of knowledge and the formation of understandings in order to design and apply improved technologies for the purpose of discovering, putting to use and exploiting deposits of coal, mineral substances and hydrocarbons; the use, maintenance and repair of modern equipment and installations in the units; the strengthening of technical quality control and the introduction of modern control techniques in technological processes; the organization and management of production processes amd the workforce in the mines, drilling installations, preparation stations, and crude oil and natural gases complexes, as well as in other work places specific to the extraction industry.

These programs - which were attended by approximately 10,100 specialists from the extraction industry - are addressed to engineers, subengineers, geologists, technicians and foremen who carry out their activities directly in production or in offices and bureaus involved in the design, start-up and follow-up on production, in mechano-energy departments and so forth.

Programs for Worker Safety have as their objective the furthering of knowledge in worker safety and the prevention of work accidents, mining ventilation, the ergonomic organization of work places and the prevention and elimination of damage in the extraction industry.

Programs of an Economic Nature refer to the fundamental elements of the new economic-financial mechanism based on self-management and self-administration and to the self-financing and profitability of all activities under the specific conditions in the extraction industry. These programs - attended by over 3,800 course participants - are addressed to specialists having higher and further economic studies in the operational offices and departments in the units.

Programs on the Methodology of Professional Upgrade Training for Personnel have in mind the instruction of responsible personnel in the personnel and training departments in the field of the methodology of planning, organizing and carrying out forms of upgrade training in the units.

Programs for the Formation of Instructors and Other Training Personnel who carry out training activities for the mid-level technical personnel and the workers directly at the place of work. In the extraction industry through such programs there is also the training of instructors for the training of newly-hired personnel. The 2,000 instructors for the upgrade training of workers at the place of work, trained at the center's courses, have become active factors in the production units where approximately 400,000 workers have received professional upgrade training.

Programs for Personnel have as their objective the instruction of workers in the personnel departments in the field of techniques used in this activity.

The changes that are produced in the requirements for the different places of work and in the attributes of their functions, as determined by technical and technological progress, as well as by the application of certain measures to improve the organization and management of production and labor, also influence the content of the upgrade training programs. Similarly, we can note from year to year an increased concern for the use of modern, high-efficiency methods and procedues in the teaching of knowledge (discussions, case studies, games, problem resolution applications, simulations and so forth).

In the future, the continuing development of the center's activities is required by the growth of the importance of the extraction branch in the national economy and by the decisive role held by the level of training of the workers in the rapid growth of labor productivity and the overall efficiency of this branch. The upgrade training programs organized in the center reflect the basic orientations in training and upgrade training for the workforce for the entire five year plan. The center's future activities could be diversified by consulting services in the field of using the workforce, diagnostic studies in personnel activities and the preparation of management teams in the extraction units.

8724
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IMPORTANCE OF LAND IMPROVEMENT FOR HIGH-YIELD AGRICULTURE

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[Article by enginner Nicolae Mantz, deputy minister of agriculture and the food industry: "Land Improvements, A Basic Factor for a High-Yield, Modern Agriculture"]

[Text] In the broad process of creating a modern, intensive and high productivity agriculture, there is vital importance in fulfilling the National Program for increasing the country's agricultural and arable land area, irrigation, drainage and combatting soil erosion. Drawn up at the initiative to and with the decisive contribution by comrade Nicolae Ceausescu, this program envisions the management of all the country's land in a unified concept through the complex execution of projects for land improvement, water management and agro-soil management, and territorial organization that will permit the growth of the soil's production potential for all categories of land use and for all those who hold agricultural lands, in this way ensuring the full use of the conditions created by the extension of mechanization of agricultural work and chemicalization of agriculture and by the expansion of the use of high-yield soils and hybrids.

During the years of building socialism, the rational use of the land and the preservation and improvement of its fertility have become a national problem, one of all the people, with the land being declared the most important national wealth. After the Ninth RCP Congress, large amounts of investment funds were allocated, at the same time drawing up over the years a series of measures designed to ensure the better use of land resources. The efforts made by the state just in the field of land improvements are reflected in the more than 27 billion lei in investments in projects for irrigation, over 9 billion lei for drainage, 7 billion lei for combating soil erosion and the 18 billion lei for carrying out a complex amount of projects to protect against floods and contain waters. In addition to this, one can add the significant contribution of the agricultural units and the people to complete certain projects both in large systems and in local management projects. As a result, by the end of last year projects for irrigation totalled 2,380,000 hectares, compared to 230,000 ha that existed in 1965, drainage was completed on 2,576,000 ha, soil erosion projects were completed on 1,718,000 ha and work to protect against floods was completed on an area of 1,610,000 ha. During this period, the agricultural land area increased by 172,000 ha, and the arable land by 53,600 ha. Both in the state units and in the cooperatist units, agro-soil improvement projects were carried out which contributed to improving the land's production potential and higher production.

Through its objectives and through the scope of projects that have been planned, the National Agricultural Program represents the broadest project in the history of Romania, which requires the allocation of approximately 100 billion lei, large material resources, equipment, transportation and more. The achievement of this vast land improvement program under the best possible conditions involves all the peasantry, all the inhabitants of the villages, the working class, specialists, scientists and all the people. Only through a collective human and material effort at the national level will it be possible to successfully bring about this program, thus creating the conditions necessary for a modern, high-yield agriculture and for the achievement of certain sure and stable production regardless of the climate.

Competency and Responsibility

The fulfillment of the National Agricultural Program is an action of high responsibility which requires professional competence and close cooperation between the Ministry of Agriculture and the Food Industry, other central institutes and county party and state organs. This is even more necessary since the program calls for the completion of land improvement projects in a unified concept, in close correlation with those projects for water management, hydro-energy projects and forestry projects within each hydrographic basin.

As comrade Nicolae Ceausescu stressed at the recent plenary session of the RCP Central Committee, it is necessary to have a radical improvement of the organization and management of the projects established in the national program, with this being an essential condition for the affirmation of the new directions which, in differing from the manner in which things have proceeded to date, require dealing with and achieving all projects in a complex manner. It is also the reason why the concerns envision especially the improvement of quality in planning and execution activities in order to draw up documents that will correspond to the requirements for the overall resolution of all problems within a certain area.

Experience has demonstrated that the efficiency of land improvements cannot be treated and resolved in sections, but as an organic part of the overall group of measures for the rational use of land and water and for the intensification of agricultural production. Militating for the implementation of complex projects, we not only eliminate the unilateral nature in carrying out investment projects, but ensure the concentration of material and human efforts for the overall intensive development of agricultural production and for the most efficient use of the conditions in each hydrographic basin.

The key to success is in the close cooperation between specialists and planners and in the definition of technical, economic and organizational solutions in relationship to specific conditions. Only a careful, multilateral study of all the factors and natural conditions on-the-scene will permit the drawing up of certain technical solutions that can give full safety and ease in use, the rational use of the land and waters, the increase in labor productivity and,

finally, an improved economic efficiency. It is especially necessary to give attention to a new technical problem - the design and management of certain reversible drainage systems so that during drought years these systems can also be used for irrigation.

In order to establish the most efficient technical solutions that will lead to improving the quality of projects, the use of certain high-efficiency technologies, the reduction of consumption rates for materials, fuels and energy, and the growth of labor productivity, it is necessary to attract to this field of activity to a much greater degree scientists, faculty and specialists with a vast amount of experience.

According to the program, by 1985 and in the future in 1989, a large volume of projects are to be carried out which above all have an increased degree of complexity and difficulty. Thus, by 1985 the land area for irrigation will reach 4 million ha, and by 1989 it will total 5.5 million ha. It should be mentioned that if the irrigation projects slated to be completed by 1985 do not raise unusual problems with regards to providing water sources, in the future, however, the extension of irrigated land areas to 5.5 million ha will require unprecedented works in our country from a technical and execution point of view in order to create the necessary water sources. Later, in the 1983-1985 period, drainage projects will be completed in local systems and projects over an area of 1,185,000 ha, and certain old systems will be completed and redone totalling an area of nearly 460,000 ha. By 1990, projects will be completed for combating soil erosion on 3,776,000 ha, and so forth.

Even this summary presentation of the amount of projects shows the special importance of the thorough preparation of work, the timely preparation of all technical, organization and material conditions, and so forth. In all the regions of the country at many land improvement worksites, the work is well organized and the projects are being carried out in a regular manner and in accordance with the established guidelines in the technical-economic documentation. At some worksites for irrigation, drainage, combating soil erosion and the management of waters, the work has suffered because of certain deficiencies in the organization of work and the management of production. Thus, this is the explanation why the equipment available are not used at full capacity and appropriately maintained. There are deficiencies in the efficient use of material resources, monetary funds and manpower.

The accumulated experience shows that in order to carry out the projects within the established timelines it is absolutely necessary to have a close cooperation between all the central and local organs called upon to contribute to the achievement of this program. Only in this way is it possible to provide, even this year, in a quantitative and qualitative sense the technical and material base in close agreement with the volume of the projects that are scheduled for each stage, as well as the introduction of the technological execution processes having a high degree of industrialization. The deficiencies that have been seen in correlating the annual rate of projects with the technical and material base are explained to a good degree in the delays on certain projects for irrigation, drainage or combating soil erosion. In a sufficient

number of cases, although in the plan the land improvement projects were correlated with those for water management, in carrying them through gaps were produced and followed by delays in turning over these projects for use and in the efficient use of the lands.

Colaboration in the field of introducing modern technology should be much more laborious and more efficient, where the Ministry of the Machine Building Industry plays a decisive role. The fulfillment of the program for increasing the country's agricultural and arable land areas, for irrigation, drainage and combatting soil erosion requires the design and execution of a system of special high-efficiency equipment and machinery that are capable of carrying out the scheduled volume of projects. Of real assistance is the quickest possible transition to the assimilation of certain types of machinery having multiple types of equipment that are capable of carrying out the main types of irrigation and drainage projects: the digging of large canals, the management of river banks and the leveling of land. Of no less significance is for a new system of machinery to be built in a restricted number of types and as much as possible on the same type of chassis, with this equipment to be provided with multiple types of equipment, depending upon the type of projects in which they will be used.

The rapid rate in which the projects must be carried out raises very much the level of requirements with regards to the quality of projects for irrigation, drainage, combatting soil erosion and so forth. I stress this since there are situations where, under the requirement of the large volume of projects, the desire to carry out the projects on time sometimes leads to neglecting quality and to omitting certain work. In some large irrigation systems, the entire group of works has not been completed, especially those for drainage-channeling and those for the prevention of water loss from the canals, which has created phenomena of excessive humidity over large areas, such as those on the Baragan Plain and in the southern part of Oltenia. Here and there we still encounter the practice of corrections being made after the land improvement projects were turned over for use. Without a doubt, during the "break-in" period some defects can appear, but we are not talking about these; we are talking about the carrying out certain poor quality work.

An Imperative Requirement - Obtaining Maximum Economic Efficiency

The land improvement projects, which play a large role in maintaining and improving soil fertility, require large amounts of investment funds, which is the source of the need to recover these as quickly as possible for society by way of having significant production increases. This is also the source of the obligatory aspect for each land improvement project - irrigation, diked and drained border work - to be used to the maximum, organizing the most efficient use of these projects.

There are numerous examples about the efficient, high-efficiency use of land improvement projects, with this being the result of competency, the good organization of production and labor and a developed sense of responsibility.

Unfortunately, in a sufficient number of places the land improvement projects are not used rationally, which prejudices economic efficiency. Within the framework of the use of these systems, they did not ensure the full and effective cleaning of canals and dikes and repairing of constructions and equipment, which resulted in some of these not operating at the designed parameters. Similarly, the old systems were not maintained and use appropriately. On the other hand, both in the irrigation systems and in the drainage systems, after the end of the project work the agricultural units carried out to a small degree agro-soil improvement projects and did not use a system of agriculture specific to the managed lands.

Experimental research and agricultural practice, especially in Arges County, show efficient methods for improving the production potential of acidic soils. Among these methods are the improvement of the soils' chemical properties and the neutralization of the acidity through the application of calcium additives, certain increased doses of chemical fertilizers and barn wastes, and through the introduction of improved plants within the crop structure, such as red clover and the aerating of the soil every 4-6 years to improve the soil's aero-hydric nature, projects for the elimination of excess surface humidity.

The use of such an agricultural system offered the possibility to many agricultural units to have an average harvest over large land areas of 3,000 kg/ha for wheat and 3,500 kg/ha for corn, while for some parcels of land the production was much higher. The possibilities, however, are greater, as demonstrated by the experimental research stations at Albota-Arges, Oradea-Bihor and Livada-Satu Mare which systematically obtained production levels of over 3,500 kg/ha for wheat and over 4,000 kg/ha for corn. Such harvests can also be obtained on the entire land area of acidic soils in the country on the condition of applying the crop technologies elaborated by scientific research and verified in production, which would means an additional four to five million tons of wheat.

Of special importance for increasing the production on those land areas affected by erosion is the provision of the program referring to the generalization of the valuable experience of the Central Research Station for Combatting Soil Erosion at Perieni in Vaslui County. Thus, in 34 counties located in the hilly region, standard perimeters are organized where the application of the entire anti-erosion system is initiated - the organization of the land, the carrying out of work along contour lines, the appropriate structure of the crops, the use of fertilizers and so forth. It should be stressed that by applying this anti-erosion system this research station obtains a production of 3,500 kg/ha for wheat and 4,500 kg/ha for corn. By spreading the application of the recommendations of this research station over the entire land area of the eroded arable areas we could obtain an additional more than three million tons of grains, concomitantly with the stopping of soil erosion.

Modern, high-yield agriculture cannot be conceived without irrigation. The fact is that without man's mastery of the crop-soil-water relationship it is impossible to ensure the full use of the agricultural potential and a higher

level or production under conditions of high efficiency. This method, used magnificently and efficiently 2,500-3,000 years ago by the Chinese civilization, as well as the Hindus, Persians and Egyptians, today has, we could say, a decisive role. And not just because, in addition to other factors, the irrigation of crops has a significant contribution to increasing production, but also it ensures obtaining certain stable levels of production from year to year, which is especially important.

The configuration of the land, the hydrological conditions and the system of precipitation in our country frequently generates damages to agricultural production over significant land areas. Large variations in precipitation, which are contained between 700 and 900 liters per square meter in the hilly regions and 400-500 liters per square meter in those regions having the most fertile lands on the Romanian Plain, Dobrodja and Moldavia, as well as changes over large regions of periods of extended drought and periods of abundent rains, bring about from one year to the next great fluctuations in the level of harvests. As a result, in a climatic sense, the stabilization of the harvests at the desired level requires the extension of irrigation in order to prevent damages during drought years and, on the other hand, the carrying out of large drainage and channeling projects for the purpose of removing excess water during rainy years. Furthermore, modern agriculture, relating its role to contemporary conditions, can no longer remain at the level of production that is dependent completely upon the "caprices" of the weather from one year to the next.

The continuation of extending projects for irrigation at a sustained rate according to the objectives established in the program will permit, by the end of 1985, in Constanta, Tulcea, Braila counties and the Ilfov Agricultural Sector the entire land area to be set for irrigation, while in Maramures, Satu-Mare, Salaj, Bihor, Arad, Timis, Caras-Severin and Brasov counties the entire land area having excess humidity will be drained.

The main source of water for the existing irrigation systems, as well as for those being built, is the Danube. However, as there is an increase in the irrigated land areas in the main regions in the south and east of the country, there will be an increase in the percentage of interior rivers that are used by building dams in the upper basins of the water courses and by the transfer of outflows between basins. As a result, of a land area of four million hectares set up for irrigation in 1985, the Danube will supply water for an area of over 2.5 million ha, and the interior rivers will supply water necessary for approximately 1.5 million ha.

In order to entend irrigation during the next five year plan, for the purpose of managing the country's entire irrigatable potential, we will complete complex management projects in a unified concept in the hydrographic basins, at the same time satisfying all the uses for water. The volumes of accumulated waters needed on the interior rivers for the purpose of achieving the irrigation program will be achieved together with the projects for protecting against floods and for meeting the other water uses - supplies of potable and industrial water, the production of electric energy, pisciculture and so forth.

The projects for irrigation are not and cannot be an end unto themselves, but an efficient means for obtaining certain large and stable levels of production. However, irrigation cannot be used except under conditions of efficient exploitation. Our own experience, as well as international experience, confirms that the practice of irrigated agriculture calls for two essential conditions: the increase of production obtained through irrigation to ensure the recovery of additional investments and the development of agricultural enterprises, and irrigation will not lead to the degradation of the soil.

The bringing about of these exigencies, which, in the end, bring about the profitability of irrigation works, requires the correct application of irrigation techniques and methods, which means seeds and hydrids of high-yield, specific agricultural works, appropriate densities, mechanization and chemicalization, and a rational watering system. In all the systems managed for irrigation, we can obtain large levels of production and year-after-year we can have two crops per year within the framework of certain crop rotations using improved crops and organic fertilizers. There is need, however, for each individual specialist to thoroughly master his methods and technologies for growing crops under conditions of irrigation and to know the system for irrigation and technical waterings and the hydrotechnical problems and means of using equipment.

The contribution of scientific research can be much greater, research which is called upon to offer solutions regarding the use of subterranean water sources for irrigation, the general review of water in the hydro-improvement systems, the behavior of different methods and types of irrigation projects when in use and the evolution of soils within the managed areas.

The fulfillment of the National Agricultural Program will contribute to the significant increase of the production potential of the land and to the obtaining of certain higher agricultural production levels in accordance with the decisions of the 12th RCP Congress and the RCP National Conference.

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EXTENSIVE, INTENSIVE FACTORS IN ECONOMIC GROWTH

Bucharest ERA SOCIALISTA in Romanian No 15, 10 Aug 83 pp 13-15

[Article by Prof Ion Romanu: "The Extensive-Intensive Relationship in the Process of Economic Growth"]

[Text] The national economy of any country represents an integrated system of social actions belonging to the production sphere and the non-production one, activities which historically have been created as a result of the involvement of a number of factors - natural, economic, political and so forth -, with their actions being extremely diverse and complex. In economic analyses, it is the usual practice to classify these factors from a number of points of view for the purpose of showing the importance of one or another and of establishing which ones must be worked upon, as well as defining the paths to be followed in order to obtain future economic growth. An especially important classification criterion is the grouping of the factors of economic progress into extensive and intensive ones.

Extensive factors refer to the size of the resources that are allocated and consumed, while intensive factors refer to the degree in which the allocated resources were directly and usefully consumed in order to obtain the desired effect. These two categories of factors must not, however, be viewed as isolated, one from the other, but rather in a close linkage. One cannot speak about a national economy where only extensive factors or only intensive factors are operating. In practice, we encounter a blending of these factors where one or the other prevails depending upon the specific conditions for the development of these national economies.

Furthermore, it is nearly impossible to separate extensive and intensive factors. One factor, for example manpower, can be extensive and intensive at the same time. In other words, we are talking about two facets, two actions of the same production factor. If we refer to manpower, then the production of an enterprise can be increased either as a result of increasing the number of workers or as a result of the more judicious use of their work time. In the first case, we have in mind the extensive aspect of manpower, while in the second case the intensive aspect. In reality, however, these two aspects operate, as we have already noted, in a close interdependency since in enterprises the production processes develop, not infrequently, both through an increase in the number of workers as well as through the better organization of work and the more judicious use of work time. The inter-

dependency of these two aspects is also expressed by the fact that the number of workers is also established depending upon the degree of their use of work time.

Thus, the extensive-intensive aspects are correlative and their influences can be produced in both ways and they are, as is said "two-way." This manner of analysis penetrates the intimate nature of each participant in the carrying out of economic processes, showing an extensive action and an intensive one in each process. It can be stated that the two actions are of a different nature: the extensive is of a quantitative nature and the intensive is qualitative. The extensive means of economic development are characterized by a large consumption of resources and belong to economic processes where full attention is not given to the rational use of resources and where there is a pursuit of the attainment - not infrequently at any price - of certain results without an adequate calculation of economic efficiency. An objective analysis show that, in the end, in order to obtain certain comparable results the efforts that are made are considerably greater along the path of extensive processes than along the one of intensive processes. This is the source of the need for the stress in economic activities to be placed upon the intensive development of the national economy, which ensures the fulfillment of established objectives with a minimum consumption of resources and leads to the general growth of economic efficiency.

History shows that the industrial countries at the beginning of their economic development passed through primarily extensive processes and that, to the degree of expansion of national industry, they placed stress on the intensive facets of economic growth. Today, intensive-type economics are found in the countries that are most developed from an economic point of view. It can be stated that no country, no matter how rich it may be, can allow itself to adopt exclusively the extensive path and that each country in the course of its economic development pursues the introduction of intensive processes for industrial growth and, in general, economic growth even if it has available certain resources in appreciable quantities.

Under the conditions of the contemporary world economy, characterized by an acuteness and persistence in the raw materials and energy crises, there is an increase in the role of the intensive-type processes in economic development. It is natural everywhere today for there to be a pursuit of the reduction of consumption of any useful substance and the nearly full use of raw materials and materials which, as is known, are obtained with great difficulty by way of exploitation of domestic resources and, for others, through costly imports, and a pusuit of the improvement of the degree of using resources that are brought into the production cycle.

It is a unanimously recognized fact that the era of surplus resources and unmeasured consumption has ended forever. Mankind has entered a new phase in its development in which any type of consumption, even natural water, is restricted. In all technological processes, the central objective is now the reduction of specific consumption rates for raw materials and energy, the elimination of losses - even those which, until yesterday, were considered to be justified from a technological viewpoint -, and the obtaining of the desired useful effect with a minimum of material effort.

Currently, a new industrial development concept is in the process of being generalized. Under the conditions where reserves of mankind's raw materials are being exhausted, a trend is making itself known in the renunciation of predominantly extensive development. Under these conditions, new possibilities and techniques are appearing for the achievement of economic growth processes using nearly exclusively intensive means. The need to adopt intensive methods for economic growth also stems from the responsible attitude of the current generation regarding future generations. We are not permited to have unmeasured consumption, without thinking about the earth's mineral substance reserves that must also cover the future needs of the human species. For that reason, the statement is perfectly true that the mankind of tomorrow will be characterized by the production of new things and new effects and the better and more useful satisfaction of society's individual and collective needs, but on the basis of raw materials recoverd from old processes, recirculated through the economic processes and reused in the form of new products. Certainly, in this economic context a main role will be played by scientific research, one of the top forms of human activities that will be called upon to "fabricate" new raw materials by way of synthetics, recombining the known primary elements. Therefore, it seems clear that those countries lacking the basic raw materials must give their main attention to intensive processes in their national economic development.

But, to demonstrate the need to accentuate the intensive facets in the economy solely through the prism of reducing the consumption of material resources is, if not inapproriate, at least incomplete. The significance of the intensive-type factors stems, certainly, first of all from the protection and better use of material resources, but also impacts upon the rational use of human resources as well as upon the results. Overall, this translates into the fact that the promotion of intensive processes contribute directly to increasing the efficiency of all economic activities. As a result, when we examine the effects of the intensive processes we must keep in mind that they do not extend in a unidirectional manner, but, in a practical sense, in all directions, being found in all economic sectors and being expressed in an increase in economic efficiency.

The economic development of our country during the years of socialism have been characterized for a long time by preponderently extensive processes in the creation and development of our national industry, the transformation of agriculture into a powerful branch of material production, and the creation and consolidation of the technical-material base of the new social system. To this end, as is known, in the process of using national income a significant portion was allocated, especially in the recent five year plans, for investment, which was translated into vast investment project programs. These were successfully and consistently completed giving all the branches of the national economy a powerful technical-material base and constituting the sole support for economic growth and raising all the people's standard of living. In an objective evaluation of this economic policy, one must keep in mind the low level from which we started and the important goals which Romania proposed for itself to be completed in a historically short period of time - the achievement of a complex and harmonious economy, the balanced development of all the regions of the country and the reduction of the gaps that separate us still from the advanced countries

in the world. Throughout this entire period, there were, however, also significant intensive processes so that, actually, there was a dialectic blending of the actions of extensive-intensive factors that worked for the impetuous economic growth that our country experienced during the years of socialist construction.

In modern models that help to study economic growth, production factors are sometimes reduced to two which are considered to prevail upon the others, with these being manpower and fixed assets. In order to show the degree in which these basic factors have worked in the Romanian economy under an extensive or intensive form, we will use a simple reasoning. In a third of a century (1950-1983), in Romania the employed population increased from 8.4 million to 10.7 million persons, which represents an increase of 1.3 times, while the volume of fixed assets increased from 200 billion to 2,100 billion lei, or 10.5 times. Together, these factors were therefore able to bring about an increase of material production via extensive ways of approximately 13-14 times over, which represents the product of their quantitative dynamics. During this period, however, national income increased from 35.4 billion to 660 billion lei, or 18.6 times. Implicitly, these two factors that have been analyzed were able to influence this growth by approximately 4-5 times by intensive means.

Therefore, the result is that in 33 years the development of the country's economy was carried out through the blending of extensive processes with intensive ones, although the extensive processes were dominant. The development of the branches of the national economy was due, to a smaller degree, to intensive processes, with the relationship between the two being estimated at approximately 3:1 in favor of extensive processes. Without a doubt, this calculation contains a high degree of approximation, but it creates an overall picture of the magnitudes that have characterized the extensive-intensive relationship in the carrying out of economic growth in our country.

In the current stage, keeping in mind the economic potential that has been created and the need for the continued development of the national economy, as well as the world economic circumstances, the accentuation of the intensive facets and the transition to an economy based upon primarily intensive processes have become a national imperative. In analyzing the country's economic development in the last decade and a half, comrade Nicolae Ceausescu said at the December 1982 National RCP Conference: "In the last three five year plans, especially during the 1970-1980 decade, we have advanced along a very broad front in economic development and we have covered great historical distances, passing through a number of economic-social stages and moving to the creation of a multilaterally developed socialist society. Keeping in mind this rapid advance, it is necessary for us to take all the necessary measures to consolidate the great achievements, to ensure a new balance and to have a harmonious development of all sectors of activity... Beginning with these considerations, during the first 2 years of the current five year plan we have given priority to moving to the intensive development of the economy, the achievement of a higher quality and the growth of labor productivity and economic efficiency."

The stress upon the intensive facets in the process of Romania's economic growth truly represents a vital requirement for the current period. In order to illustrate the importance of the measures which involve stress upon the intensive facets, in relationship to the extensive ones, we can point out that under the conditions that have been created by the current state of development of our country's forces of productions, an increase in the development fund rate by one percent would lead to obtaining an additional amount of national income of 2.1 billion lei while improvement in the use of existing fixed assets also by one percent would lead to an additional amount of national income of 5.7 billion lei, or 2.7 times greater. To these data, we can also add the note that the first means, the predominantly extensive one, would require a long period of time until the additional sums that would be allocated from the national income could be transformed into fixed assets by attaining these investment plans, while the fully intensive one produces an immediate effect. The uncovering and implementing of the most adequate solutions for spreading intensive processes therefore constitute one of the concerns of main importance for directing the Romanian economy onto new paths of maximum efficiency in accordance with the requirements of creating a modern national economy.

Intensive-type expanded production requires the achievement of a modern structure national economy based, on one hand, upon the broad participation of the raw materials and energy supplier branches, parallel with the more rapid development of the branches that are lower consumers of raw materials and energy, and, on the other hand, on the powerful development of the top branches, that is, of those branches which ensure general economic progress. As is known, in our country there is a call for the massive development of the energy and raw materials base so that imports will be considerably reduced. It is a graphic objective that during this decade Romania will become independent from an energy point of view. Significant increases in production are foreseen in all the branches of the extraction industry, such as the production of coal, oil, ferrous and non-ferrous ores and so forth. In the processing industry, the changes that are foreseen are aimed in the direction of decreasing the percentage of the energy-intensive branches and the large consumers of raw materials, as well as of developing those branches which show an increased economic efficiency. Thus, according to plans, machine building, chemicals and consumer goods industries will represent 90 percent of the industrial production in 1985. Special attention will be given to the top sub-branches of the processing·industry, such as electronics, precision engineering, programmable machine-tool production, pure chemicals and so forth.

In the same context, one of optimizing the structures by branch of material production, there is great interest for our country in finding a judicious relationship between the development of industry and agriculture and the provision of an appropriate dynamic balance between these two basic branches of the national economy, with profound implications upon the growth of the standard of living for all the people. Keeping in mind the impetuous development that industry has experienced during the years of socialist construction, it has become possible and necessary to direct agriculture towards a modern, intensive

production that is characterized by the full use of the land - one of the most valuable national assets -, the human potential in the villages and the material assets with which this branch is equiped. At the same time, we also feel there is need to equip this branch to a greater degree with technical equipment of high efficiency.

It can be considered that the transformation of our agriculture into a modern branch based on intensive-type processes represents the decisive condition for the general progress of our society and the fundamental requirement for all of contemporary Romania's economic-social development. Increasing the per-hectare efficiency for all crops, but especially for the grain crops, ensuring certain stable annual production levels in the overall crop sector, powerfully developing zootechny and substantially increasing agriculture's participation in creating the social product and increasing national wealth by putting to use the immense reserves that this branch has, are conditions of vital significance for our economy in the near and distant future.

Another direction where there must be action for the purpose of promoting the intensive processes is the reduction of consumption for all raw materials and materials, the correct and scientific setting of consumption standards and strict adherence to them, the reduction or even elimination of waste, and the better use of used raw materials and products. Keep in mind the fact that in recent years in our country decisive measures were taken for the purpose of recovering and returning useful substances to the economic cycle, working so that approximately 30-40 percent, and for some raw materials even more, of the needs of production will be satisfied in this manner. Such measures were also taken with regards to recovering and reconditioning used parts from different types of machinery and equipment that had been taken out of operation, but where some components could still be of use to the enterprises. It is estimated that during this five year plan the savings that could be made on the basis of reducing material costs will total 200 billion lei, which represents am appreciable sum for financing the development of the national economy. In a general sense, comrade Nicolae Ceausescu pointed out, with the amount of material consumption recorded in 1981 we will be able to achieve our 1985 production, with small increases in several sectors of activity, based soley on the reduction of consumption and the recovery and reconditioning of materials.

The promotion of predominantly intensive processes requires a multiplication of concerns for the maximally efficient use of allocated resources and the production of new products having a higher degree of industrial processing that will incorporate a significant volume of highly specialized labor, in the end resulting in a general increase in the degree of use of raw materials and materials. It should be stressed that this action does not envision one production branch of another, but rather the overall national economy.

It is without a doubt that these future objectives cannot be fulfilled without a substantial contribution on the part of scientific research, which will be called upon to outline more efficient technical and economic solutions for the

carrying out of material production, as expressed in new production technologies, new machinery and equipment and new work installations - designed at the level of the most advanced progress in contemporary science and technology - which will lead to important restructuring in the economic processes and to full transformation into intensive processes. The fact should be noted that, in the end, the bases for intensive production activities are put down right from the research and design phase, that is, from where the ideas are born about a new type of production and where new products are conceived and where new production technologies and future working machinery and installations come to life on the designers' tables and in the technical documentation. Similarly, shortening the research-design-production cycle constitutes one of the important factors for the modernization of production processes and the carrying out of an intensive-type production so as to keep pace with contemporary technical-scientific progress.

In accentuating the intensive facets of economic growth, a separate place belongs to the maximum use of production facilities, the main technical source of national wealth. It is known that in this regard our country has made significant material and human efforts over the years to equip the national economy with modern machinery, equipment and installations having high operating parameters. In general, approximately one-third of the fixed assets were put into operation recently, that is, during the last 5 years. What is important now is their use at full capacity so that society will be repaid for the efforts it made through the provision of the largest possible volume of useful effects in the shortest possible time. Along the lines of a better use of technical assets that have been provided, the enterprises in the processing industry are to pursue obtaining a net production per 1,000 lei of fixed assets (non-amortized value) of 800 lei in 1985, compared to the 710 lei noted for this indicator at the beginning of the current five year plan.

A society which promotes the intensive facets in its development is obligated to give the greatest attention to increasing labor productivity. This represents a major problem of a national nature which influences the general and multilateral progress of society. This indicator - social labor productivity - is like a barometer of the general atmosphere for accentuating the intensive elements of economic growth.

In our country, we note an increase in labor productivity in all the branches of material production, which attests precisely to the concern for the qualitative facets in the work process. This phenomenon especially appears as an essential characteristic for industry, a branch which during the current five year plan will record, in accordance with the plans, an average annual rate of growth in labor productivity of seven percent, with approximately 80 percent of the increase in net production to be obtained in this manner. Such a not-at-all-easy task calls upon people everywhere to carry out a more efficient activity and a qualitatively better activity and to be concerned for improving professional knowledge and raising the level of ingenuity and creativity.

In essence, the transition from extensivity to intensivity does not represent an end unto itself, but a means which should lead to increasing the efficiency of all economic activities, as expressed in increasing the profitability of products, the full use of resources made available by society and, finally, the obtaining of maximum efficiency. Certainly, economic efficiency requires the achievement of those effects which are best kept within current social demands and which require the most reduced levels of resource consumption of any nature - material, human, time, technology, finances and hard currency. The approach to the efficiency of an economic activity, of smaller or larger dimensions, must therefore be made from the point of view of the general interests of society and the overall national economy.

Within this framework, the new economic-financial mechanism offers broad possibilities for increasing economic efficiency. For that reason, in practice it is necessary to ensure the profitability of each enterprise by keeping all expenses within the incomes that are made and by obtaining a largest possible surplus-product for society. More than that. The party is asking for a move from a state of overall efficiency which ensures a profitability for overall enterprise activities - without a doubt necessary, but not sufficient - to a multilateral vision, one expressed in the achievement of profitability of all products (at the microeconomic level) and of all material production branches (at the macroeconomic level).

Under conditions where approximately two-thirds of the social product is provided by industry, it is natural for special attention to be given to this branch and to defining certain specific paths for intensifying production processes. A basic interest is the improvement of the organization of labor in the enterprises, which requires the full use of available work time, the avoidance of any interruptions in the flow of production, the elimination of non-productive time and the adoption of the most judicious work methods for achieving production plan tasks, including ergonomic methods. Parallel with the measures for improving organization of the work processes themselves, from which a substantial savings will be made relative to personnel, the enterprises are called upon to be very seriously concerned about improving the professional knowledge of their cadres, keeping them current about the most modern production methods, moving towards actions to have multi-skilled workers, promoting simultaneous work at a number of pieces of machinery and so forth.

Accentuating the intensive facets of the production processes in industry is inseparably linked to increasing the quality of the products in all enterprises. For the purpose of achieving this, the starting point is the elimination of routine procedures that are inefficient in production, moving towards a strong infusion of innovation and creativity and of highly qualified professional work, and respecting the regulations in technical documentation with the highest degree of strictness. In the activity of making products, the quality of the operations that are carried out should be given priority more and more.

The permanent improvement of product quality has become a law of our times, when the needs of society are ever greater and more diverse and when technical,

economic and social progress are naturally making their impact upon the level of requirements that increase from day to day. The need to produce products of high quality also clearly stems from the sharp competition within which the selling and buying of goods on foreign markets are taking place, a competition which shows that the supplier which wins is the one whose products are made at the highest parameters and which correspond best to the desires of the buyer.

The level of labor productivity, as well as the product quality, in general, and the achievement of intensive processes call for ensuring a regular rate of production and the elimination of "rush" work at the end of a 10-day or monthly period, of interruptions and stoppages in production caused either by the failure to have timely delivery of supplies or supplies of raw materials and materials of the established amouts and in the prescribed sizes, or by a lack of the necessary manpower, by absences, by interruptions within shifts and so forth. In the enterprises, there are large internal reserves in this area of economic activity, with their use being one of the essential conditions for moving to intensive production processes. A substantial contribution to maintaining the regular rate of production can be made by the permanent care and greater attention given to equipment and by the carrying out on-time and under good conditions of periodic inspections and planned repairs, activities of great importance in the enterprises.

In modern economies, the trend towards the miniaturization of products - as a means of intensifying production and increasing its efficieny - is experiencing a broad expansion, at the expense of large, heavy products which consume a significant volume of raw materials for their production, require increased processing costs, are difficult to move around and, furthermore, are not high performance items. For that reason, the party is asking that in our enterprises there will be introduced, expanded and generalized this same trend that has been noted for a number of years on the international level.

In the current complexity and continuing diversification of the range of products offered to buyers on the domestic and foreign markets, the reduction of the number of components in products - items, parts, semi-fabrications of all kinds, subassemblies -, in other words, the move towards the standardization of all production represents an inseparable part for promoting intensive work processes. Instead of making different products and semi-fabrications in a non-usefully broad range, it is more advantageous to produce them in the smallest possible numbers, certainly according to the needs of the user. Standardization gives to the enterprise numerous advantages: concentration of research activities and, implicitly, increasing its degree of finalizing the results of its research; decreasing the costs of industrial processing; easing assembly operations; reducing the number of spare parts needed for current maintenance activities, repairs, service and so forth.

Today, nearly all industrial enterprises carry out a certain amount of foreign trade activity, by way of imports of raw materials and exports of finished products, as well as by participating in international economic cooperation

activities. In this area, like those that have already been analyzed, we can also speak of the need to bring together the extensive and intensive aspects so that, together, our country can be more involved in the international economic circuit. The extensive aspects refer here to decreasing imports and increasing exports and to increasing international economic cooperation. To this end, for each enterprise well-substantiated plan tasks have been established which have as their objective an increase in the volume of foreign trade and the earning, in this manner, of a surplus amount of hard currency funds needed by the national economy to finance its import programs. The intensive aspects refer to the quality of the activities that are carried out in this field: the detailed surveying of regions for imports and sales markets for the purpose of identifying the best suppliers and users abroad with whom import-export contracts can be concluded; specifying the types and amounts of goods that should be the object of these contracts; determining the most favorable periods for making import or export offers, and so forth.

Under current conditions, an especially efficient measures would be the improvement of planning activities for those enterprises with foreign trade activities. It would be, I believe, opportune to introduce the "hard currency contribution" indicator (calculated as the difference between the amount of hard currency earnings obtained from exports and the amount of hard currency expenditures made as a result of imports), doing away with the plan indicators for imports and, separately, for exports. The system proposed has the advantage that it is more flexible, being easily adapted to the production conditions in our enterprises and to the requirements of the foreign partner, and can lead to increases in the enterprises' contributions to increasing the country's hard currency funds even by way of the export of a smaller volume of material substances, a not-at-all-negligible aspect. The proposed system also operates efficiently in cases where the needs of production require additional amounts of imports, if the enterprises take measures in time which are required to have a corresponding increase in exports.Similarly, we feel that in foreign trade activities there is need to calculate the indicator "net return" (as a relationship between costs in lei and earnings in hard currency for a good that is exported). Currently, we note that "commercial exchange" is calculated (which, instead of cost, takes into consideration the value in lei of the good that is exported), an indicator which is frequently distorted by the size of profits, charges and taxes that have been established in the current system of domestic prices according to criteria other than those which refer to the volume of activities carried out by the producer enterprise. The suggestions shown here involve precisely the stressing of intensive facets in foreign trade activities.

In closing, we want to refer briefly to the role of investments in accentuating the intensive facets in industrial production activities. We feel that in this regard it is useful for us to make several statements in order to eliminate a bit of confusion encountered in different economic analyses. Frequently, when factors for economic growth are classified extensive and intensive, investments are included in the category of extensive factors on the basis of the fact that

in order to increase production an enterprise can opt either for an expansion of production facilities, through investments (the extensive means) or for the better use of existing facilities (the intensive means). But, investments, like any other production factor, can intervene under two aspects: the extensive aspect refers to the volume of investment funds that are allocated, while the intensive one refers to the quality of the investments that are achieved. In the first case, we ask ourselves the question "how much do we invest?"; while in the second we ask "in what do we invest?".

As a result, the investment process is not obligatorily an extensive factor, but rather it can have and does have, furthermore, always, intensive facets that are most clearly expressed by the economic efficiency of the investments. Viewed at the macroeconomic level, things appear clearly. Actually, investment funds play the role of creating the material support for economic growth and represent the extensive aspect of this process. If the investments turn into equipment with high levels of technical-economic performance and if the new equipment demonstrate their quality by attaining significant increases in production, in this way increasing the economic efficiency of the investments compared to previous periods, then it can be said that the economy is developing on intensive bases.

At the microeconomic level, that is, at the level of the enterprises, we find an aspect that is capable of completely clarifying the problem of the extensive-intensive relationship in the case of investments. When an enterprise has a certain amount of investment funds, it has the opportunity either to build new production facilities, that is, to use the extensive factor, or to modernize its existing sections and workshops by replacing old, worn out equipment with others much better and new, an aspect which shows the intensive aspect of the investment process. The result is, therefore, that investments are associated not only with the extensive aspects of production activities, but also with intensive ones, which, in the current stage, are and must be strongly promoted and put into motion.

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DATA ON WORKERS ABROAD, RETURNEES, REMITTANCES, 1968-1980

Zagreb EKONOMSKI PREGLED in Serbo-Croatian No 4-6, Apr-Jun 83 pp 181-195

[Article by Mladen Vedris, research assistant in the Center for Migration Research, Zagreb: "European and Yugoslav External Migrations"]

[Excerpt] Migration From Yugoslavia

Departure To Work Abroad

Our country has been more and more involved in European migrational flows since the beginning of the sixties. A maximum total of 1.11 million (860,000 workers and 250,000 dependent members of their families) was achieved at the end of 1973 in the process of continuous increase in the number of Yugoslavs in the countries of western and central Europe:*

Table V. Worker-Migrants From Yugoslavia

Year	Number Departing During Year	Total Number at End of Year	Chain Index (previous year = 100)
1968	80,000	260,000	--
1969	230,000	430,000	165.3
1970	240,000	600,000	139.5
1971	145,000	680,000	113.3
1972	145,000	770,000	113.2
1973	115,000	860,000	111.7
1974	30,000	810,000	94.2
1975	25,000	770,000	95.1
1976	20,000	725,000	94.2
1977	20,000	705,000	97.2

* The figures used on the number of Yugoslav workers and Yugoslav citizens abroad were taken from the documentation of the Zagreb Center for Migration Research and are (mainly) based on the statistics of the host countries, which are more complete in their coverage than those available in the SIZ's [self-managing communities of interest] for employment security in Yugoslavia.

Table V (continued)

Year	Number Departing During Year	Total Number at End of Year	Chain Index (previous year = 100)
1978	32,000	695,000	98.6
1979	35,000	690,000	99.3
1980	30,000	693,000	100.4
1981	30,000	695,000	100.3
1968-1981	1,077,000		

After 1973 (the beginning of the economic recession) the number of Yugoslav workers abroad has been declining, but there has been an increase in the number of dependent family members. It is estimated that at the end of 1980 there were 1,108,000 Yugoslav citizens abroad (693,000 workers and 415,000 dependent family members). In 1980 the total number was slightly less than in 1973, but there had been significant changes in composition, so that while in 1973 dependent family members represented only 21.5 percent of the total number of migrants, 7 years later this share had climbed to 37.5 percent. It is obvious that the trend toward stabilization of residence observed with respect to the entire population of "foreigners" in the European host country is also evident in the case of Yugoslav nationals. There are fewer of them working, but on the other hand more and more of those living as dependent family members. They are also staying longer and longer. Thus at the end of 1979 all of 40 percent of the total number of Yugoslav nationals in West Germany had already been there between 10 and 15 years. That percentage was only 23.7 percent for the entire foreign population. It was found that four-fifths of Yugoslav nationals in West Germany had been there 6 years or more, while this proportion of the total foreign population is two-thirds. At about mid-1981 all of 55.1 percent of Yugoslav nationals residing in West Germany had been there 10 years or more; and the average length of residence in West Germany of the entire Yugoslav population of (temporary?!) residence was 10.2 years. Since the bulk of Yugoslav workers and family members abroad are in West Germany, these figures are to a high degree valid of the entire Yugoslav migrating population as a whole.

Table VI. Distribution of Yugoslav Workers Abroad by Country of Employment

Host Country	1977		1980	
	Number	%	Number	%
Austria	140,000	19.9	130,000	18.7
France	55,000	7.8	58,000	8.4
Netherlands	10,000	1.4	10,000	1.4
West Germany	405,000	57.5	403,000	58.2
Sweden	26,000	3.7	25,000	3.6
Switzerland	34,000	4.8	31,000	4.5
Other European countries	35,000	4.9	36,000	5.2
Total	705,000	100.0	693,000	100.0

It is evident that there have been almost no changes whatsoever not only in the number of migrant workers from Yugoslavia in western European countries since 1977, but also in their distribution among countries of employment. More than three-fourths of the migrant workers have over this past period been concentrated in the countries of the German-language area.

Benefits and Drawbacks of Employment Abroad

There have been a number of studies and assessments of the effects of external migrations, both individual and social, but there have also been controversies. The approach differs greatly depending on the points of departure of the authors of the analyses and depending on whether the research originates in the host country or the country of origin of the migrants, and there are also differentiated views concerning studies of migration within these two basic groups.

Starting with the economic aspect, which is the principal driving force behind external migrations, the host countries emphasize the amounts which the migrants send home and stress their relative and absolute importance: to righting the balance of payments of the migrants' countries of origin, to expansion of effective domestic demands, and to the derived multiplier effect on the growth of industrial output and to invigoration of overall economic activity.

The countries of origin of the migrant workers indicate that the major portion of the migrants' earnings stays in the host countries. One portion in the form of taxes and contributions applied to the migrants' gross personal income, which goes into the public funds of the host countries, in whose effects the migrants have a smaller than proportional participation. Another portion is spent on their own support, and a higher degree of adaptation and accommodation to the host country also presupposes a higher rate of current expenditure (by contrast with the deferred expenditure in other stratifications); and a third portion remains in the form of savings in accounts in domicile banks, while only the remainder reaches the countries of origin.

What are the positive and what are the negative effects of external migration in Yugoslavia's case? In the period between 1968 and 1972, the period of the most intensive employment of Yugoslavs abroad, 740,000 workers were seeking jobs outside their homeland, or an average annual of about 150,000. To illustrate, over that same period an annual average of 130,000 new jobs were opened up within the country. In that context, and with reference to the high number of people registering with employment security bureaus, going abroad to work had the function of a "safety valve" on the domestic labor market, reducing the pressure for employment in the socialized sector of the economy.

The foreign exchange remittances of the migrant workers certainly occupy a special place in an analysis of the economic benefits achieved through the process of external migration; their amount and significance are illustrated by the figures in the following table.

Table VII. Gross Remittances of Migrant Workers

Year	Gross Remittances of Migrant Workers and Emigres,* millions of U.S. $	Total Current Inflow of Foreign Exchange, millions of U.S. $	Share of Gross Remittances in Current Inflow, %	Gross Remittances Per Migrant Worker,** U.S. $
1968	163.0	1,889	8.6	469
1969	251.0	2,233	11.2	624
1970	501.0	2,828	17.7	735
1971	772.9	3,483	22.1	1,039
1972	1,051.3	4,427	23.7	1,270
1973	1,397.7	5,730	24.4	1,523
1974	1,621.4	7,359	22.0	1,867
1975	1,695.8	7,813	21.7	2,045
1976	1,883.7	9,026	20.8	2,352
1977	2,097.2	9,566	21.9	2,731
1978	2,890.0	11,096	26.0	4,158
1979	3,393.0	14,146	23.9	4,917
1980	4,050.0	17,772	22.7	5,844

* Remittances of migrant workers and emigres are given together under the heading "Remittances"; for the sake of illustration, remittances of the latter group represented 25.1 percent of total inflow of foreign exchange on this basis in 1968, 8.6 percent in 1971, 7.1 percent in 1975 and 8.2 percent in 1977.

** Because of certain statistical problems remittances of emigres were also included in the size of the average remittance per migrant worker over the period between 1970 and 1980, and they increased the amount by about 5-7 percent.

Source: According to Dr A. Cicin-Sain, "Change in the Role of Foreign Exchange Remittances and Foreign Exchange Savings of Individuals in the Yugoslav Balance of Payments Over the Period 1966-1980," paper presented at the conference "Migrations and Economic Development With a Special Look at the Importance of Foreign Exchange Remittances and Use of the Savings of Migrant Workers," held in Split, 19-21 November 1981, pp 3-4.

It is evident that foreign exchange remittances of migrant workers shown in this way have been recording a steady and exceptionally dynamic growth, but Dr A. Cicin-Sain feels that "... the figures on total recorded, i.e., gross, inflow of foreign exchange from workers and emigres are unusable for practical purposes, since they contain all redeposits (in Yugoslavia--M. V.) from one foreign exchange account to another."

Even this method of presenting the net value of foreign exchange remittances has certain defective aspects, since it presupposes that all the foreign exchange withdrawn from some accounts of individuals has been deposited in others, although it is certain that a portion of those funds was actually spent

abroad; often they were not spent by the original owners of that foreign exchange, and it also presupposes that the leveling of foreign exchange at the present level was achieved by new foreign exchange remittances from abroad. Thus the foreign exchange that has been spent came in handy to purchase a certain group of articles not available at all or in short supply on the domestic market. It is certain that in such a case there are no favorable effects on the balance of payments, but it is evident that there is a larger inflow on the basis of remittances and that negative effects on the balance of payments have been avoided. Cash carried into the country during visits--annual vacations and the like--which has not been deposited in foreign exchange accounts and which is recorded as means of payment, is an additional source of foreign exchange (not recorded as such). It is especially difficult to accurately ascertain the amounts by which balances in foreign exchange accounts of individuals have been increased on the basis of private clearing during the tourist season.

In view of these and certain other elements--work abroad that is not reported, Yugoslavs classified as "employers" rather than "workers"; various opportunities for earnings in West Germany as the principal host country and in the other host countries; regular earnings; overtime; and special money awards (at the end of the year, etc.)--it can be assumed that about 700,000 Yugoslavs in the western European countries had annual earnings (converted to U.S. dollars) of about $6 billion. Empirical studies show that in most cases half of the earnings is saved. On the average the migrants deposit half of these savings in savings accounts in the host countries, and the remainder they remit home. Over the last several years this amount has been in the neighborhood of $1.5 billion, which coincides almost completely with the annual level of net foreign exchange remittances over the period of the last 5-6 years.*

Table VIII. Net Inflow of Foreign Exchange From Remittances of Emigre Workers in the Years 1968-1980 (millions of dollars)

Year	Total Inflow of Remittances	Outflow From Foreign Exchange Accounts	Net Inflow From Foreign Exchange Remittances (Col 3=Col 1-Col 2)	Net Remittances Per Migrant Worker, $	Ratio of Gross Inflow to Outflow
1968	163.0	43.0	120.0	462.0	3.79
1969	251.0	56.0	195.0	453.0	4.48
1970	501.0	86.0	415.0	692.0	5.83
1971	772.9	158.4	614.5	904.0	4.87
1972	1,051.3	263.3	788.0	1,023.0	3.99

* Calculated on the basis of figures on earnings in West Germany for various lines of activity (source: "Statistisches Jahrbuch 1982 fuer BR Deutschen," pp 466-483; "Marplan--Gastarbeiter 1978," Offenbach, Munich; "Beschaeftigung auslaendischer arbeitnehmer," Bundesanstalt fuer arbeit, Nuremberg, 1973), on the assumption that the lower earnings in Austria and France are offset by higher earnings in Switzerland and Sweden.

Table VIII (continued)

Year	Total Inflow of Remittances	Outflow From Foreign Exchange Accounts	Net Inflow From Foreign Exchange Remittances (Col 3=Col 1-Col 2)	Net Remittances Per Migrant Worker, $	Ratio of Gross Inflow to Outflow
1973	1,397.7	252.0	1,145.7	1,332.0	5.54
1974	1,621.4	279.0	1,342.4	1,657.0	5.81
1975	1,695.8	408.0	1,287.8	1,672.0	4.16
1976	1,883.7	523.0	1,360.7	1,877.0	3.60
1977	2,097.2	730.0	1,367.2	1,939.0	2.87
1978	2,890.0	1,246.0	1,644.0	2,365.0	2.32
1979	3,393.0	1,783.0	1,610.0	2,333.0	1.90
1980	4,050.0	2,611.0	1,439.0	2,076.0	1.55

Source: Same as for Table VII, pp 5, 8.

It is clear in any case that net foreign exchange remittances show a considerably more moderate growth trend than the gross amount.

The most significant increase was achieved in the period 1970-1977, when the net per capita value of remittances almost tripled, from $692 to $1,939. A minor portion of that growth should be attributed to the increased value of the West German mark and Austrian schilling against the American dollar, while the principal reason for the real increase lies in the fact that in that period of time the bulk of investments were made in their homeland by the migrant workers. This refers (almost exclusively) to expenditure of savings to improve housing conditions, mostly construction of the family dwelling. The economic recession which began in 1974 only speeded up that process; the uncertainty about the possibility of continued residence and work abroad and of saving more hastened the concern about having definite housing to return to. This "wave of investment" ended somewhere around 1977 and coincides with the realization that return home (even from the standpoint of the host country) was not urgently necessary. At the same time there was an extensive process whereby families were reunited, but in the countries of employment; every year there is an increase in the number of dependent family members abroad, so that less money is needed to support them in Yugoslavia. It is certain that these two factors have had a decisive impact on the weaker growth (in 1978) as well as on the decline of the absolute amounts of net foreign exchange remittances per migrant worker (1979 and 1980).

This decline can also be seen from the summary indicators on the role and proportion of net foreign exchange remittances in Yugoslavia's balance of payments; total foreign exchange receipts recorded a growth of 55.2 percent over the period 1977-1980, while remittances increased (only) 5.3 percent, which is a consequence of their proportion having declined in foreign exchange receipts by more than one-third.

Table IX. Net Foreign Exchange Remittances in Yugoslavia's Balance of Payments in the Years 1977 and 1980

Expenditure and Receipts by Purposes	1977 Amount	1977 %	1980 Amount	1980 %
Total expenditures	11,668	100.0	19,742	100.0
To import goods	9,700	83.1	14,309	73.5
For other purposes	1,968	16.9	5,163	26.5
Total receipts	8,836	100.0	14,600	100.0
From visible exports	5,445	61.6	9,269	63.5
From tourism	841	9.5	1,115	7.6
From workers abroad and emigres	1,367	15.5	1,439	9.9
From other sources	1,183	13.4	2,777	19.0
Net balance	-2,832		-5,142	

An empirical study conducted at the end of 1981 in West Germany showed that in addition to these objective factors, there are also several subjective reasons for the declining interest in savings and in sending remittances home. The migrant workers have a number of criticisms about the level of services provided by Yugoslav banks beginning with the counter service, the speed of processing remittances, the posting of funds, and maintaining the secrecy of information about balances in savings accounts, especially in the native opstinas, which takes on additional weight in the comparison with the service offered by German banking. Along with all these subjective drawbacks, one of the rare advantages vanished: the level of the rate of interest. Today it is possible to realize in banks in West Germany the same or a higher rate of interest with far greater flexibility in types of accounts, length of terms, anticipation of interest, etc.

"Unless something serious is done, foreign exchange savings will drop off more and more"--this is the assessment of Yugoslav bankers who have had several years of experience in the business of attracting savings in West Germany. "The German banks are undertaking expansion, they are becoming increasingly aggressive (even) toward our migrant workers; they are employing Yugoslavs to promote and organize savings; they are printing promotional material in our language.... Our approach and promotion in this area has in large part been based (exclusively) on emotions; the slogan 'Savings in Yugoslavia Aid Development of Your Native Region ...' is coming up against the inexorable economic logic of what the savings are bringing the saver?!" Also interesting are the assessments made by the migrant workers themselves in meetings held in clubs of Yugoslavs in West Germany: "We have passbooks for savings accounts in Yugoslav banks, but we keep relatively little money in them until we plan to spend that money in Yugoslavia." Possibilities for the use of various bank credit, especially housing credit, do have a short-term element, the terms and conditions and possibilities for use change often, the migrant workers have a feeling of uncertainty, especially if they want to plan a year or two in advance.

People in the branch offices of Yugoslav banks abroad mention certain obstacles to their operation which often are altogether "domestic" in origin, such

as: restriction on the level of per diems which can be paid, on the use of private automobiles for business, on expenditures for public relations and advertising, for telephone service, and so on, in line with the respective restrictions within the country or in the parent work organization. These restrictions stand in the way of what they believe to be decisively important--direct contact with the migrant workers, with present or potential savers, which need to be maintained or established. An absurd situation is created in which a staff which is too small for that activity actually becomes too large because of those restrictions, since they are unable to perform the activity.

The organization of these savings and the result are expensive for the Yugoslav banks as compared to those "at home," but they are inexpensive for our society when compared to the price of other borrowing, and they are almost urgently necessary.* The dilemma remains of how these two interests should be reconciled.

Yugoslav bank representatives abroad are also unanimous in the assessment that the battle to increase the savings of migrant workers cannot be won solely through the activity of branch offices in West Germany, but that it is won by offering something of substance for investment and expenditure of savings in Yugoslavia; and that in every (native) opstina, which requires steady adaptation and simplification of various regulations concerning the issuance of building permits and permits to open businesses on the basis of self-employment; in short "the reference is only to the organization and conception of this problem. The basic thing is to have consistent and concrete plans for the return of the migrants to Yugoslavia, and an adequate network of Yugoslav banks within West Germany."

Honor such elements as the following: the decline in the number of gainfully employed migrants, the increase in the number of dependent family members in host countries, the drop in motivation to save (the dwelling in Yugoslavia has already been built and furnished ...), and as for the rest of the money, there are more and more interested parties such as German banks and producers of new goods, so that acting in line with these elements signifies thinking about what will happen with foreign exchange savings (and how much will there be!) in the period which is coming or which is already here.

Further benefits which the migrants realize in the process of external migration from (and for!) the country of origin are manifested in the foreign languages learned and in the acquisition of new knowledge, work experience and skills in the industrially advanced countries.

The negative effects caused by external migrations are becoming increasingly evident, such as prolonged residence and work abroad, and these become definitive when the migrants remain permanently in the host countries. From the

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* It is estimated that payment of interest and expenses in attracting funds for sight deposits (expressed in expenses of foreign bank branches relative to the amount of funds transferred) constitute about 10 percent of the value of funds attracted. Borrowing even through regular bank channels using open lines of credit begins at 14 percent.

standpoint of our own country the large-scale and predominantly unorganized employment abroad up to 1973 was rather unfavorable in its structure. Almost one out of every two workers left a job in Yugoslavia to take temporary employment abroad. Quite often these were skilled workers and workers with academic education, people who were achievers in their own workplace, people of optimum age and work potential. The jobs left vacant were filled with new people who often did not have proper qualifications, and in the period that followed this had an adverse effect on the growth of productivity in the economy and, more broadly, on the rate of economic growth and rate of development. In addition, it has also been noted that:

"The departure to work abroad temporarily sometimes takes on the character of permanent emigration, especially to certain overseas countries, and therefore of depopulation of certain regions of our country. Since this is the most adverse form of economic emigration and since it is increasing considerably in certain regions, the Socialist Alliance will advocate that economic and other steps be taken and that particular consideration be given to overcoming and reducing the volume of this type of migration more effectively." (Resolutions adopted at a meeting of the Federal Conference of the SAWPY held 15 February 1973)

The direct losses (drawbacks) are also expressed in the expenditures made to educate and bring up the workers who are employed abroad temporarily. Aside from these costs, which are quite evident for the country of origin, there are also other less noticeable, but not less appreciable, burdens:

"The new environment in the host country induces changes in the way of life of workers employed abroad temporarily. This brings about changes in the behavior of those workers as consumers, through a change in the pattern of consumption. Since it is assumed that their residence and work abroad is temporary and since their visits home are relatively frequent (holidays), the transfer of these new habits and new way of life to their homeland will tend to bring about a change in the pattern of consumption within the country, not only of those workers who have worked abroad temporarily, but also, because of the effect of demonstration, on the part of those who have not gone abroad. This will speed up changes in the pattern of demand in the country of origin [original reads "host country"]. The intensity of that change depends on the number of workers employed abroad temporarily and on their relative economic power. That is, the more such workers there are and the greater their economic power, the larger their share will be in total demand, which means that they will have a stronger influence in changing the pattern of that demand."*

Nor should we forget the other expenses incurred by the community from which the migrant has gone abroad to work. Construction and maintenance of the infrastructure used for government and social services are financed primarily with money set aside within the country, and the costs of educating the

* Dr M. Babic and Dr E. Primorac, "Analysis of the Benefits and Costs of Temporary Employment Abroad," EKONOMSKI PREGLED, Zagreb, No 11-12, 1975, p 674.

children of the migrants who remain in Yugoslavia and the costs of the rest of the social infrastructure are again financed with money set aside from the income of those employed in our country's economy, and so on.

In addition to these aspects, which are primarily economic, there are also social benefits and drawbacks of employment abroad; they are more difficult to measure, but they are not less important. The rather long or lengthy separation of family members brings about an increase in the number of divorces in migrant families. Another concomitant phenomenon of external migrations is acceleration of the process of forming households (especially in rural areas) consisting entirely of the elderly and of a general aging of the population of the country of origin. Because of the length of residence and work abroad in this past period there has been a particular aggravation of the problem of the second generation, of the children of the migrants, caught between the host country, where they are insufficiently or not at all adapted, and the country of origin of their parents, which often they are not even familiar with.

Dr Zupanov, professor, feels that:

"... these young people are double handicapped: by the low economic and social status of parents who are cutting them off in advance from every opportunity in the processes of allocation of occupational and social position; b) by the discrimination to which they are subjected as the members of an underestimated minority. The low social status combined with the minority status offers them no chances whatsoever for vocational and socioeconomic advancement; it 'only guarantees them the position of a subproletariat....'"*

Return Flows

So far the migrant workers have been returning in three principal ways: a) coerced, because of loss of work permit and/or residence permit in the host country; b) spontaneous--their own decision to return, since they have fulfilled the aims for which they went abroad to work, so that their children can go to school, because of elderly parents, to take over the family farm, ...; and c) stimulated by measures and activities undertaken in Yugoslavia to encourage their return. It might be judged that the first form was more evident in the years 1973-1975, while today the spontaneous form is predominant, and the latter is least evident and is especially oriented toward those skill patterns and occupations which are in short supply in the Yugoslav economy, but which are also in demand on the labor markets of the host countries. What do the quantitative indicators say about return flows?

Table X. Return Flows of Yugoslav Migrant Workers

Year	Took Employment	Returned	Number of Returnees Relative to Number Going Abroad To Work, %
1968	80,000	20,000	25.0
1969	130,000	60,000	46.2

* Dr J. Zupanov, "The Second Generation of Migrants," RASPRAVE O MIGRACIJAMA, Zagreb, No 39, 1977, p 13.

Table X (continued)

Year	Took Employment	Returned	Number of Returnees Relative to Number Going Abroad To Work, %
1970	240,000	70,000	29.2
1971	145,000	65,000	44.8
1972	145,000	55,000	37.9
1973	115,000	25,000	21.7
1974	30,000	80,000	266.7
1975	25,000	65,000	260.0
1976	20,000	65,000	325.0
1977	20,000	40,000	200.0
1978	32,000	42,000	131.2
1979	35,000	40,000	114.3
1980	30,000	27,000	90.0
1981	30,000	28,000	93.3
1968-1981	1,077,000	705,000	

Over the period 1968-1981 approximately the same number of workers returned to the country as are today residing in the countries of western Europe; since 1974 the annual number of returnees has been greater than those departing, but the trend (again) reversed in 1980 and 1981, when more Yugoslav citizens took employment abroad than returned from abroad. We also note quite a bit of unevenness of the return flows, with a somewhat more pronounced intensity only in 1974, while the taking of employment abroad enjoyed a "boom" already mentioned in the period between 1969 and 1973.

Public action for the return and reintegration of migrant workers was initiated by the joint meeting of the LCY Presidium and SFRY State Presidency which was devoted to the problems of employment of our citizens abroad (5 February 1973), at which one of the stands taken was that:

"The temporary employment of our citizens abroad is causing certain socioeconomic and political problems, which makes it an obligation to take control of migrational movements and to coordinate the activity of all social entities."

The Law on Basic Conditions for Temporary Employment and for Protection of Yugoslavs Employed Abroad was passed that same year, and in 1974 the social compact was concluded on temporary foreign employment of Yugoslav nationals and on the return of Yugoslav nationals from work abroad. Section 4, Article 24, of the compact is especially important to initiating and achieving return flows; it establishes the obligation of drafting a program to create conditions for the return of workers to Yugoslavia. A federal program of measures and actions for gradual return of Yugoslav workers from employment abroad and for their gainful employment in the country was enacted in the spring of 1976 in the SFRY Assembly. That activity has continued (more slowly) at the republic/provincial level, and it then became feeble at the opstina level, which is where it should have been worked out and implemented

in specific terms.* The assessment contained in the federal program concerning what at that point was the immediately preceding period--"... that adequate results have so far not been achieved in this area (the return--M. V.), for which the reasons do not lie solely in the fact that the measures undertaken have not been effective enough, but rather because we have relied too much on the automatic operation of the measures taken and because there has been no organized public action to implement them"--might be reiterated almost in its entirety even today. That is why the process of repatriation has mainly been taking place spontaneously and has depended upon the resources, the abilities, and often also of the "resourcefulness" of the returning migrants themselves.

Aside from that rather small portion of migrants who cease to be gainfully employed upon their return to the country (retirement, living from rent, savings, etc.), the bulk try in their homeland to continue to work. It is a realistic assessment that the key element in the possible return is primarily reintegration of the migrant worker in the workplace, which also represents the basic prerequisite for existence of the entire family. Often the resources built up by the work abroad have decisive importance to the possibility of his obtaining work. How have they been spent in the past?

Table XI. Dominant Forms of Investment of Savings by Migrant Workers

Form of Expenditure of Savings	Share (%) in Total Number of Households Which Spent Savings Realized Through Temporary Employment Abroad
Real estate	84.9
Furnishing house or apartment	44.4
Purchase of an automobile	26.4
Medical treatment of members of the household	14.6
Trade	1.7
Educating children	63.4*
Farming	24.4**

* The proportion pertains to the smaller sample of households which had children of school age.
** The proportion pertains to the smaller sample of households which have farmland.

Source: Empirical study by the Center for Migration Research, Zagreb, 1977.

It is obvious that forms of investment not related to production were predominant during the employment abroad, and only when the definitive decision

* Thus in SR [Socialist Republic] Croatia in 1979 such a program of measures and actions existed in only 26 opstinas (of the 76 which responded to the questionnaire on carrying out the program ...), and even those that existed often contained (only) general programmatic principles on the need to develop small business, to provide credit and business space, etc.

to return is made or after the actual return are the available savings invested in various forms of economic activity. The principal directions of this investment are the following:

a) Investments in more intensive (modernized, capital-intensive) agricultural production, i.e., in the private farm from which the migrant went off to temporary employment abroad, creating thereby an opportunity for employment of his entire family. The real prerequisites for this orientation are the altered price parities in the light of which agriculture is becoming a lucrative activity and the investments made in new residential and farm buildings, in mechanization and land, which at the moment is often being used by or is a burden on old parents, or still worse, is of no use to anyone.

The principal problem that arises is the inadequate social organization: the problem of health and old-age insurance has not yet been altogether resolved, nor in particular, has there been a resolution to the possibility of organized production for the market: stability through guaranteed purchases, appropriate prices, the supply of livestock feed, fuel, parts for machines, and so on. That insecurity also brings with it the adverse social "image" of the status of "peasant-agricultural producer," a category subjected to socioeconomic neglect for a long time, an element that is not by any means the last in importance.

b) Investments in an independent craft and trade or service activity, accompanied by the hiring of additional "nonemigre manpower." Often there are limits on this type of employment: a) the lack of the formal qualification required for performance of the activity desired, and b) "paperwork"--the formal procedures which must be gone through to commence a particular activity, beginning with securing the right to use of business space (often in a person's own house), which is the basis for registration of a business activity, and the right to import the necessary equipment, along with the right to take advantage of customs exemptions.

c) The socialized sector is still the key to plans to return for most, although not so convincingly as 5-7 years ago. The basic obstacle from the migrant's viewpoint is often the inability to obtain employment near the place where he has built his house and the large differences between the wages paid in Yugoslavia and those paid abroad for the same or similar work.

Even today it is an acceptable solution for the migrant workers to lend their savings at term to an organization of associated labor for purposes of expansion of their capacity and in order to obtain a job, but an initiative from Yugoslavia with specific proposals is awaited. That form of activity which began back in 1969 in the village Arzano, Imotski Opstina, which has the highest rate of external migration in Yugoslavia (18.6 percent in 1971!) is becoming a reality in most areas of migration over the next several years. Such initiatives are also being accompanied by appropriate legislation. The Law on Securities (1971) states that bonds may be issued not only by sociopolitical communities and communities of interest, but also by organizations of associated labor, while both juridical persons and individuals may purchase them. The bondholder has the right to collect the face value (principal) and

the interest to which he is entitled within a specified period of time regardless of the business success of the issuer of the bond (fixed rate of interest). In addition, the holder of the bond, if the issuer has so committed himself, is also entitled to interest that depends on the business success of the organization issuing the bond. Aside from the dinar value, the face value of the bond may also be denominated in a foreign currency under the conditions prescribed by the Federal Executive Council. The Decree on Conditions Under Which Work Organizations May Issue Bonds Redeemed in Foreign Currencies (1972) states that only individuals may subscribe and purchase them, and that the work organization may commit itself to provide the bondholders certain other special advantages aside from interest, which most frequently in practice has taken the specific form of furnishing jobs to the bondholder or a member of his immediate family.

The favorable political assessments expressed at the meeting already mentioned of the LCY Presidium and SFRY State Presidency also gave a strong impetus to this initiative; the resolutions of that meeting contain the following passage:

"To create conditions for more immediate linkage between socialized resources and the resources of workers abroad, as well as working out elements of incentives for increased savings within Yugoslavia so as to contribute to creation of more jobs through commitment of savings in the development of and assistance to work organizations. Also examine other possibilities so that the savings of our workers would be committed to creating more jobs and to faster economic development" (Point 4). "Create more stable and enduring conditions for development of self-employment in conformity with constitutional guarantees concerning personal labor and the needs of society." (Point 5)

The SFRY Constitution (1974) gave its sanction on this matter in Article 28:

"Organizations of associated labor may enlist the money of individuals in order to expand their plant and equipment and to guarantee such individuals, in addition to repayment of that capital and compensation for the capital invested in the form of interest, other advantages as well defined on the basis of law."

There is a further elaboration of this in the Law on Associated Labor (1976) in Article 91:

"In order to expand its plant and equipment an organization of associated labor may enlist the material resources of individuals. The individuals have the right to repayment of the capital referred to in Paragraph 1 of this article as well as the right to compensation for that capital in the form of interest and other advantages set forth on the basis of law.

"When the capital referred to in Paragraph 1 of this article is used to open up new jobs, the basic organization may in conformity with a social compact and law assume the obligation to establish an employment relation with the individual who is creating the possibility for his hiring or is expanding in general the opportunities for hiring."

The results of this activity to date show that between 2,000 and 3,000 jobs have been opened in this way in 15 to 20 work organizations. Too much for theory and a model, but altogether too little for practice, that is, in view of the real potential and needs. Why?

Over almost the entire period under consideration the lack of appropriate investment programs has been a problem of paramount importance; the example of Imotski Opstina, which has the highest rate of emigration in Yugoslavia, provides evidence of this:

"The problem of the workers putting up foreign exchange for terms of 5, 6 or even 10 years at a minimum rate of interest or without interest, even as an outright grant--has never been raised at all in Imotska Krajina. That is, that source of money does exist, and even more could be found, but there is no program. Another important question is what is to be produced, how is it to be marketed? It is not easy to find a good production program which would guarantee employment for quite a bit of manpower and reliable marketing of the goods. At the same time it is unacceptable to pursue the method whereby every village has some 'little factory' of its own, since every factory needs electricity, sewer, water, roads, and so on. The opstina simply does not have the money to provide this to everyone, nor does it have the personnel to analyze the market and to seek out the most suitable programs for what is referred to as 'small business.' For several years now people in Imotski Opstina have been seeking and offering a way out of this stalemate: 'The real solution would be for our country to be willing to open plants here. We have been calling for such solutions for years and offering enterprises the foreign exchange which has been placed in time deposits, along with free land and everything we can provide at the opstina level, including free voluntary manpower to do the physical labor of building the plant, but no one has been coming....'"*

Much the same is true of most other migration opstinas. The principal reasons probably lie in the fact that in principle the readiness of society and the active migration policy has been expressed many times over and have been supported, but they have not been successfully translated into the sphere of vigorous economic policy. There have not been enough solutions having to do with the system, especially in the sphere of customs and foreign exchange regulations, preferential rates for various contributions and appropriations in connection with investment and commencement of employment, and there is not room enough to compensate the initially higher production costs that (necessarily) occur in a new locality remote from the parent production operation. That is why economic entities behave with economic rationality; they invest within the plants that already exist at present localities.

Along with these main problems confronted in carrying out the model "use of foreign exchange savings to open up new jobs for returning migrants," there also exist a number of "petty" procedural difficulties. A proposal (Dr I. Baucic) which calls for preparing a prospectus on the terms and

* "The Boys Have Arrived in Krajina," VJESNIK, 31 December 1976 and 2 January 1977, p 8.

conditions and procedures for enlisting and using the foreign exchange savings of migrants in the public sector. The prospectus would clearly familiarize potential investors with the legal provisions related to establishment of a new plant or organization of associated labor, the various ways in which resources can be enlisted and loaned for specified periods of time, possibilities for purchase of equipment, permits and clearances which have to be obtained, and so on.

The idea of the possibility of transferring rights to customs exemptions which the migrant worker exercises upon his definitive return to the country to an organization of associated labor, which was under consideration for several years, has been incorporated in the Law on Amendments and Supplements to the Customs Law (SLUZBENI LIST SFRJ, No 12, 5 March 1982) in a markedly restrictive way. The provision is made for transfer of this right to organizations of associated labor, that is, to contract organizations of associated labor in the field of the crafts and trades, service activities and farming, while the entire sector of industry is left out. The interpretation of the Federal Secretariat for Finance states that "The reason for this position is a matter of formal law; that is, no one can transfer a greater right to someone else than he possesses himself. Since private individuals are not allowed in Yugoslavia to engage in industrial manufacturing of goods, that is, since they do not have the right to import equipment for industrial production, they cannot transfer that right to an organization of associated labor, since they do not in practice possess it."

That provision and its interpretation have prevented establishment of the natural relationship between economic entities oriented toward mutual cooperation by a set of economic and social circumstances. In the period which has passed industrial work organizations have confronted an ever greater number of "bottlenecks" in the production process resulting from the shortage of foreign exchange to import urgently needed equipment, and this orients them toward concluding arrangements with the returning migrants. Over the period of the next several years, when the possibility of using domestic accumulation will be permanently reduced because of repayment of larger foreign claims, the capital of the migrant workers is becoming an ever more significant source of additional foreign exchange financing. Especially in view of the fact that when he definitively returns to the country of origin the migrant worker also brings with him a sizable portion of the savings which he has held in the host country. On the other hand a large number of migrant workers are hesitating in their actual plans aimed at returning since they do not see a way of obtaining a job in the homeland, this being the basis for their return and for their overall reintegration. It is certain that this method of gainful employment of the returning migrant also creates additional opportunities for employing the "nonmigrant" population.

It is evident that over the past several years significant changes have occurred in Yugoslav migrational flows. More and more Yugoslav citizens are living in the host countries, but a smaller proportion is working. The children of the migrants are a factor making it easier to decide to return, but more and more they are a reason for a longer or a permanent stay. The

immense majority of Yugoslav nationals are devoted to their country and maintain numerous contacts with it; they do so in the host country through various forms of social gatherings, by following the press from home, and they also make several visits a year to their home opstinas.

The period of residence in the country of employment, in a society which is very well equipped from the technical standpoint, has created a feeling of security even in Yugoslav nationals; often this feeling of confidence is lacking when they face plans for their return since those plans after all contain uncertainty with the greatest question mark--the possibility of employment upon their return to the country. Emotional ties to the country frequently collide with the logic of everyday life Ubi bene, ibi patria. Therefore the decision to return to Yugoslavia is made by weighing what is available in the host country and what is desired in the homeland.

Fuller and more effective use of resources realized through the process of external migration is more and more becoming a need; it is evident that our community is not rich enough or self-sufficient enough to neglect taking into account the fact that the returning migrant worker does not represent an additional burden on development, but rather, thanks to his labor, innovations and foreign exchange, he is an important productive force whose productive use is a necessary precondition for social and economic realization of benefit from the process of external migration. The most recent European migrations of workers, and thereafter of more and more dependent members of their families, are an exceptionally important economic and social phenomenon. Yugoslavia became involved in this process in the latter half of the sixties. The main question is how to take advantage of external migration as an element in the economic development of the country of origin and not just in that of the countries which have received the workers.

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